CITY OF TIFTON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

Prepared by:
Tifton Finance Department

CITY OF TIFTON, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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CITY OF TIFTON, GEORGIA

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MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the City Council
City of Tifton, Georgia
Tifton, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Tifton, Georgia** (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Tifton, Georgia's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 18), the Schedule of Changes in Net Pension Liability and Related Ratios (on page 73), and the Schedule Contributions (on page 74) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and the schedules of expenditures of special purpose local option sales tax proceeds as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedules of expenditures of special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedules of expenditures of special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Tifton, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
July 23, 2020

CITY OF TIFTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

As management of the City of Tifton, Georgia (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. This discussion intends to: 1) assist the reader in understanding significant financial issues; 2) provide an overview of the City's financial activities; 3) identify changes in the City's financial position; 4) identify material deviations from the original budget; and 5) identify individual fund issues and concerns. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statement section and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources at June 30, 2019, by $94.8 million (reported as net position). Of this amount, $15.8 million (reported as unrestricted net position) is reported as an increase of $2.9 million.

- As of June 30, 2019, the City's governmental funds reported combined ending fund balance of $21.9 million. Approximately 40% of this total amount, $8.7 million, is unassigned fund balance in the General Fund and may be used to meet the City's ongoing obligations to citizens and creditors.

  Total net position is comprised of the following:

  - Investment in capital assets, net of related debt, is $65.9 million and includes property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items).

  - Net position of $13.1 million is restricted by constraints imposed from outside the City such as laws and regulations or debt covenants.

  - Unrestricted net position increased from $12.8 million in fiscal year 2019 to $15.8 million in fiscal year 2019.

- In the governmental activities, total assets in fiscal year 2019 increased by $2.2 million. Long-term liabilities decreased from $15.1 million in 2018 to $10.1 million in 2019 (Refer to Note 5).

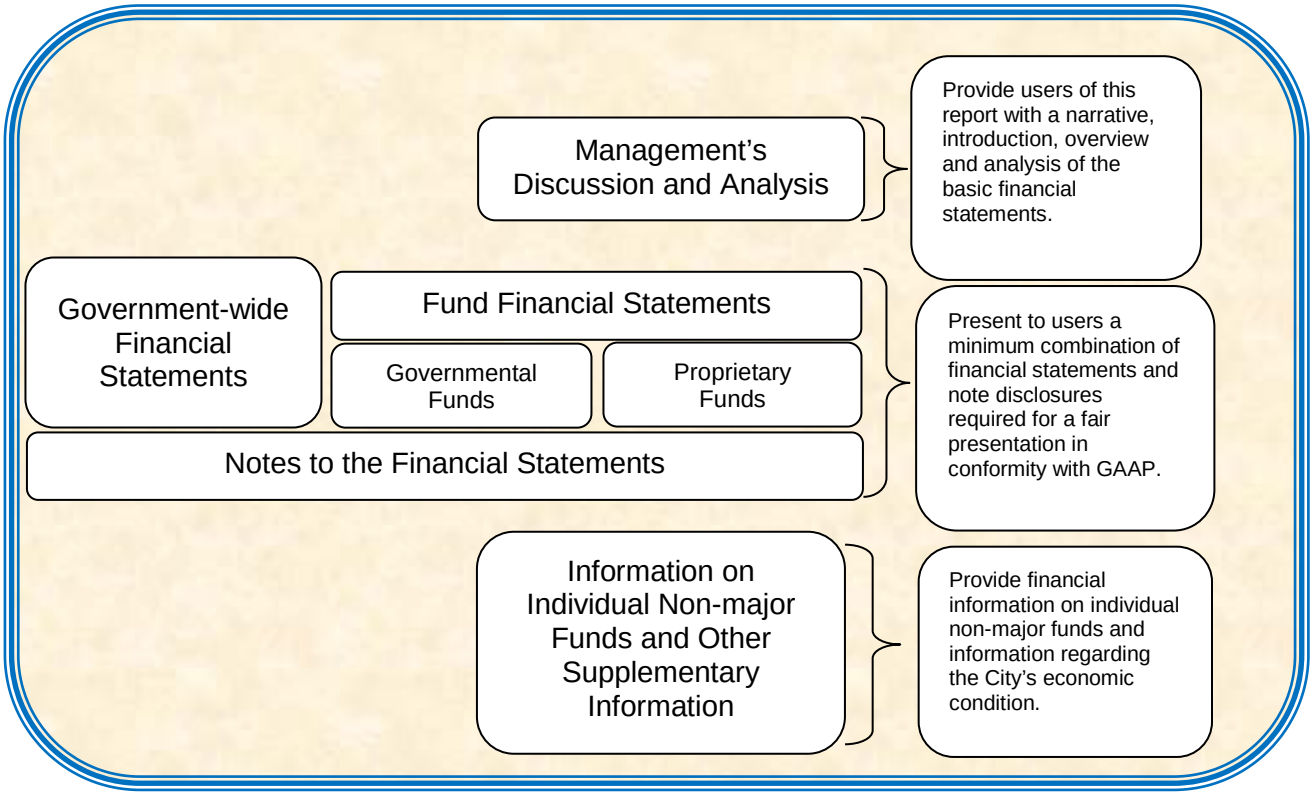
- Total revenues for governmental activities increased from $19.9 million in 2018 to $20.2 million in 2019. Total revenues for business-type activities increased from $16.1 million in 2018 to $17 million in 2019.

- Total expenses for governmental activities decreased from $17.5 million in 2018 to $15.8 million in 2019, and total expenses for business-type activities decreased from $16.5 million in 2018 to $16.3 million in 2019.

- The total cost of all City programs decreased by $1.9 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Annual Financial Report has been prepared in accordance with Generally Accepted Accounting Principles ("GAAP") and under the guiding principles of the Governmental Accounting Standards Board ("GASB"). To help facilitate the understanding of the organization of this report, we are providing the following illustration:



The Management's Discussion and Analysis ("MD&A") document is intended to serve as an introduction to the City of Tifton's basic financial statements. The basic financial statements consist of three components: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes to the financial statements*. This report also contains required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The City's basic financial statements include two government-wide financial statements: the statement of net position and the statement of activities. These statements provide both long-term and short-term information about the City's overall financial status and use accounting methods similar to those used by private-sector companies. All governmental and business-type activities are combined to arrive at a total for the primary government. The statement of net position presents information on all assets and liabilities of the City, with the difference between assets and liabilities reported as net position. This is the government-wide statement of net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City, as a whole, is improving or declining. Evaluation of the overall health of the City will extend to other nonfinancial factors, such as diversification of the taxpayer base or the condition of City infrastructure. This is in addition to the financial information provided in this report.

The statement of activities presents information on all revenues and expenses of the City and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions of the City. To assist in understanding the City's operations, expenses have been reported as governmental activities or business-type activities.

In the statement of net position and the statement of activities, the City is divided into three types of activities:

Governmental activities
Most of the City's basic services are reported here, including the council, municipal court, police, fire, public works, senior citizen center, nutrition program, environmental management, community development, and general administration. Property taxes, sales taxes, franchise fees, insurance premium taxes, excise and occupation taxes finance the majority of these activities.

Business-type activities
The City charges a fee to customers to help cover all or most of the costs of certain services it provides. The City's water system, sewer system, solid waste and landfill, gas system, and theatre are reported here.

Component unit
The City includes the Downtown Development Authority ("DDA"), a separate legal entity, in its report. The DDA has one program: Main Street. Although legally separate, this component unit is important because the City has some degree of financial accountability. The employees on these programs are under the City's payroll with the same benefits as other City employees. The City is funding a portion of their budget from Hotel/Motel Tax revenues.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual sections of the government, reporting the City's operations in more detail than the government-wide financial statements. Major funds are reported separately, while all others are combined into a single, aggregated presentation. The fund statements provide detailed information about the most significant funds and not the City as a whole. Some funds are required to be established by the City's charter. However, the Council establishes many other funds to help control and manage financial activities for particular purposes such as the Capital Projects Fund and Special Revenue Fund to show that it is meeting legal responsibilities for using grants and other money, such as grants from the state and Federal Government.

The City's funds are divided into three categories: governmental, proprietary and fiduciary.

Governmental funds

Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds. The balances left at year-end are available for spending. Governmental funds are reported using the *modified accrual accounting method*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship or differences between the governmental activities (reported in the balance sheet and the statement of revenues, expenditures, and changes in fund balances) and governmental funds are described in the reconciliation at the bottom of the fund financial statements.

Proprietary funds

When the City charges customers for services it provides, whether to outside customers or to other units of the City, these services are generally reported in the proprietary funds. Proprietary funds are reported using the *full accrual accounting method*. The City maintains two types of proprietary funds:

Enterprise fund

Enterprise fund statements are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows. The City has five enterprise funds: Water, Sewer, Gas, Solid Waste Collection and Disposal, and Tift Theatre.

Internal service fund

The internal service fund is used to accumulate and allocate costs internally among the City's various functions. The City uses the internal service fund to account for the financing of goods and services provided to the departments or funds of the City. The estimated cost of operating the internal service fund is charged to separate departments during the fiscal year and allocated at year-end based on the actual expenses of the different departments therein and is accounted for in the governmental activities of the government-wide financial statements.

Fiduciary fund

The City is the trustee, or fiduciary, for its employees' pension plan. These activities are excluded from the City's other financial statements as the City cannot use these assets to finance its operations and are recorded in the fiduciary fund. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

Notes to the financial statements provide additional detail concerning the financial activities and financial balances of the City. Additional information about the accounting practices of the City, investments of the City, capital assets, and long-term debt are some of the items included in the notes to the financial statements. The notes are essential to a full understanding of the government-wide and fund financial statements.

Required Supplementary Information

In addition to this MD&A, which is required supplementary information, the basic financial statements are followed by a section of other required supplementary information that further explains and supports the information in the financial statements. This section of the report includes the City's funding progress for other post-employment benefits.

Supplementary Information

Supplementary information includes combining financial statements for the City's nonmajor governmental funds, and a schedule of expenditures of Special Purpose Local Option Sales Tax ("SPLOST") proceeds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following schedule provides a summary of assets, liabilities, and net assets of the City for fiscal years 2019 and 2018:

City of Tifton's Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	**2019**	2018	**2019**	2018
Current and other assets	**$ 25,302,858**	$ 22,695,507	**$ 28,840,024**	$ 26,031,289	**$ 54,142,882**	$ 48,726,796
Capital assets	**35,922,687**	36,307,518	**32,859,552**	32,737,140	**68,782,239**	69,044,658
Total assets	**61,225,545**	59,003,025	**61,699,576**	58,768,429	**122,925,121**	117,771,454
Deferred outflows of resources	**2,978,621**	3,632,215	**1,012,372**	1,145,956	**3,990,993**	4,778,171
Other liabilities	**1,106,805**	2,000,733	**2,821,089**	3,226,802	**3,927,894**	5,227,535
Long-term liabilities outstanding	**10,100,988**	14,980,302	**10,775,563**	8,995,367	**20,876,551**	23,975,669
Total liabilities	**11,207,793**	16,981,035	**13,596,652**	12,222,169	**24,804,445**	29,203,204
Deferred inflows of resources	**5,707,643**	2,991,200	**1,549,456**	665,028	**7,257,099**	3,656,228
Net position:						
Net investment in capital assets	**34,997,449**	34,823,113	**30,974,980**	30,400,777	**65,972,429**	65,223,890
Restricted	**13,065,917**	11,624,262	**-**	-	**13,065,917**	11,624,262
Unrestricted	**(774,636)**	(3,784,370)	**16,590,860**	16,626,411	**15,816,224**	12,842,041
Total net position	**$ 47,288,730**	$ 42,663,005	**$ 47,565,840**	$ 47,027,188	**$ 94,854,570**	$ 89,690,193

The City's investments in capital assets, net of related debt, such as land, buildings, machinery, infrastructures, and equipment as a percentage of net position represents 70% and 73% for fiscal year 2019 and 2018, respectively. These asset values are presented less any outstanding debt related to the acquisition and including accumulated depreciation of those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the capital assets themselves cannot be used to liquidate that liability and, therefore, other resources will be needed to repay any associated debt.

The City's unrestricted net position increased $2.9 million and restricted net position increased $1.4 million for fiscal year 2019. Unrestricted net position represents City resources that may be used to meet the City's ongoing obligations to citizens and creditors while restricted net position represents resources subject to external restrictions.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government, as a whole, as well as its separate governmental and business-type activities.

The schedule below provides a summary of the changes in net assets for fiscal years 2019 and 2018:

City of Tifton's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	**2019**	2018	**2019**	2018
Revenues						
Program revenues:						
Charges for services	**$ 4,817,478**	$ 3,958,674	**$ 15,431,218**	$ 15,530,252	**$ 20,248,696**	$ 19,488,926
Operating grants and contributions	**26,399**	117,978	**-**	-	**26,399**	117,978
Capital grants and contributions	**3,596,567**	4,227,485	**1,526,040**	530,639	**5,122,607**	4,758,124
General revenues:						
Property taxes	**3,704,500**	3,711,302	**-**	-	**3,704,500**	3,711,302
Sales taxes	**3,065,527**	2,865,056	**-**	-	**3,065,527**	2,865,056
Insurance premium tax	**1,175,613**	1,090,093	**-**	-	**1,175,613**	1,090,093
Alcoholic beverage taxes	**280,371**	249,807	**-**	-	**280,371**	249,807
Hotel/motel taxes	**1,139,474**	1,436,583	**-**	-	**1,139,474**	1,436,583
Franchise taxes	**1,072,095**	1,196,699	**-**	-	**1,072,095**	1,196,699
Other taxes	**1,186,311**	929,677	**-**	-	**1,186,311**	929,677
Unrestricted investment earnings	**189,181**	123,936	**96,515**	20,832	**285,696**	144,768
Gain on sale of capital assets	**-**	-	**24,321**	1,058	**24,321**	1,058
Total revenues	**20,253,516**	19,907,290	**17,078,094**	16,082,781	**37,331,610**	35,990,071
Expenses						
General government	**3,521,774**	2,727,212	**-**	-	**3,521,774**	2,727,212
Judicial	**160,033**	269,435	**-**	-	**160,033**	269,435
Public safety	**6,312,865**	8,279,829	**-**	-	**6,312,865**	8,279,829
Public works	**4,092,704**	4,821,874	**-**	-	**4,092,704**	4,821,874
Health and welfare	**240,953**	244,849	**-**	-	**240,953**	244,849
Culture and recreation	**674,600**	749,562	**-**	-	**674,600**	749,562
Housing and development	**647,206**	316,519	**-**	-	**647,206**	316,519
Interest on long-term debt	**165,259**	133,750	**-**	-	**165,259**	133,750
Water	**-**	-	**2,872,233**	3,022,482	**2,872,233**	3,022,482
Sewer	**-**	-	**3,933,351**	3,851,488	**3,933,351**	3,851,488
Gas	**-**	-	**3,969,322**	3,749,890	**3,969,322**	3,749,890
Solid Waste	**-**	-	**5,359,446**	5,847,324	**5,359,446**	5,847,324
Tift Theatre	**-**	-	**217,487**	71,827	**217,487**	71,827
Total expenses	**15,815,394**	17,543,030	**16,351,839**	16,543,011	**32,167,233**	34,086,041
Change in net position before transfers	**4,438,122**	2,364,260	**726,255**	(460,230)	**5,164,377**	1,904,030
Transfers	**187,603**	-	**(187,603)**	-	**-**	-
Change in net position	**4,625,725**	2,364,260	**538,652**	(460,230)	**5,164,377**	1,904,030
Net position, beginning	**42,663,005**	40,298,745	**47,027,188**	47,487,418	**89,690,193**	87,786,163
Net position, ending	**$ 47,288,730**	$ 42,663,005	**$ 47,565,840**	$ 47,027,188	**$ 94,854,570**	$ 89,690,193

The City's total revenues increased by $1.3 million in fiscal year 2019. Key elements of this increase are as follows:

- Charges for services revenue increased $759 thousand and capital grants and contributions increased $364 thousand.

The total cost of all programs and services for fiscal year 2019 was $32 million compared to $34 million for fiscal year 2018. This change is primarily due to the operations. City-wide expenses and revenues cover a range of services with public safety comprising 32% of total expenses.

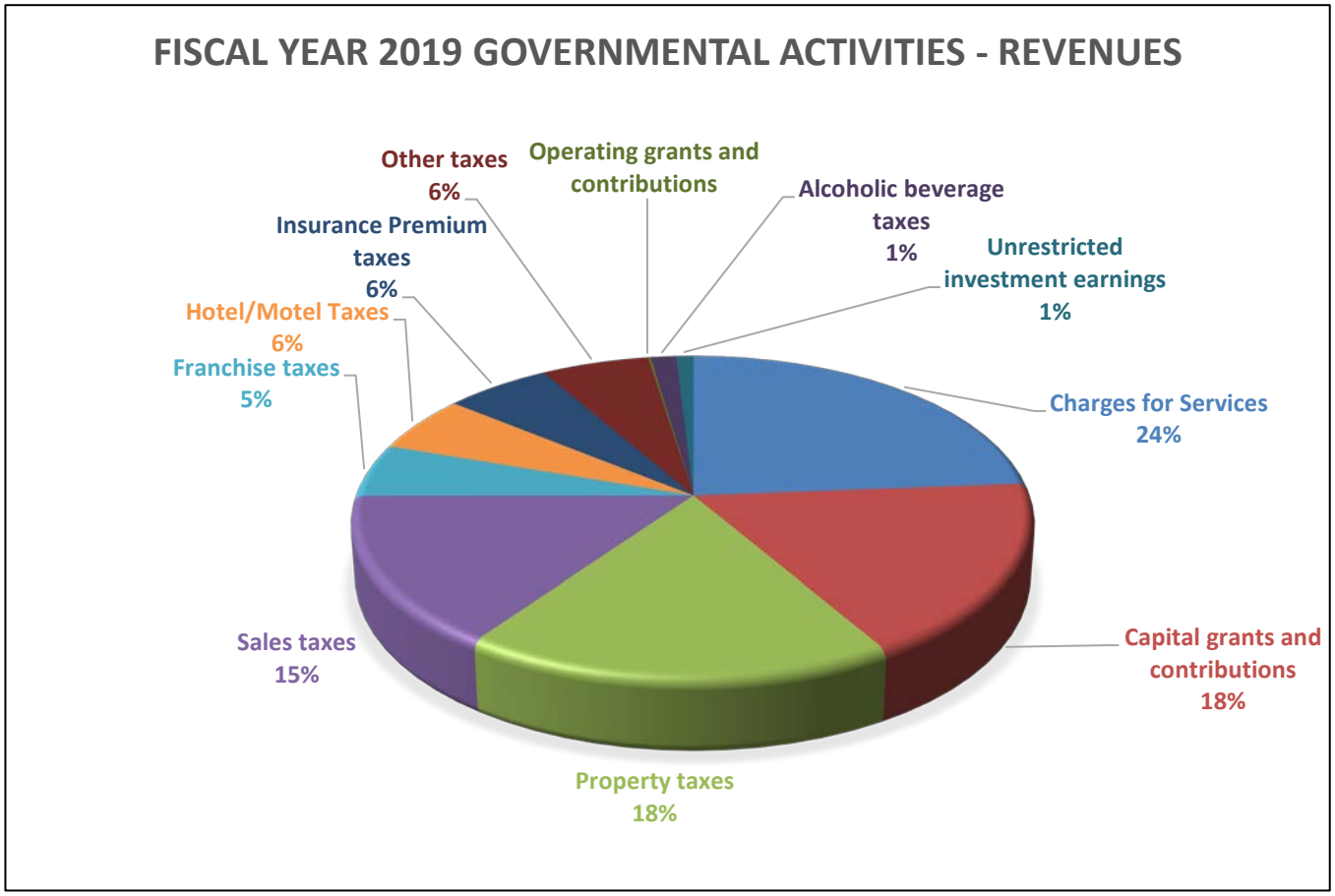
Governmental Activities

Total governmental activities revenues increased $346 thousand. This increase is mainly attributable to an increase in charges for services. There was a slight increase in sales tax and insurance premium tax.

Charges for services and sales tax and insurance premium tax account for 45% of total governmental activities revenues. Property taxes and capital grants and contributions for another 36% and 19%, respectively.

The following charts depict revenues of the governmental activities for fiscal years 2019 and 2018, excluding transfers:

	2019	2018	Change
Revenues			
Charges for services	**$ 4,817,478**	$ 3,958,674	$ 858,804
Capital grants and contributions	**3,596,567**	4,227,485	(630,918)
Property taxes	**3,704,500**	3,711,302	(6,802)
Sales taxes	**3,065,527**	2,865,056	200,471
Franchise taxes	**1,072,095**	1,196,699	(124,604)
Hotel/motel taxes	**1,139,474**	1,436,583	(297,109)
Insurance premium taxes	**1,175,613**	1,090,093	85,520
Other taxes	**1,186,311**	929,677	256,634
Operating grants and contributions	**26,399**	117,978	(91,579)
Alcoholic beverage taxes	**280,371**	249,807	30,564
Unrestricted investment earnings	**189,181**	123,936	65,245
Total governmental revenues	**$ 20,253,516**	$ 19,907,290	$ 346,226

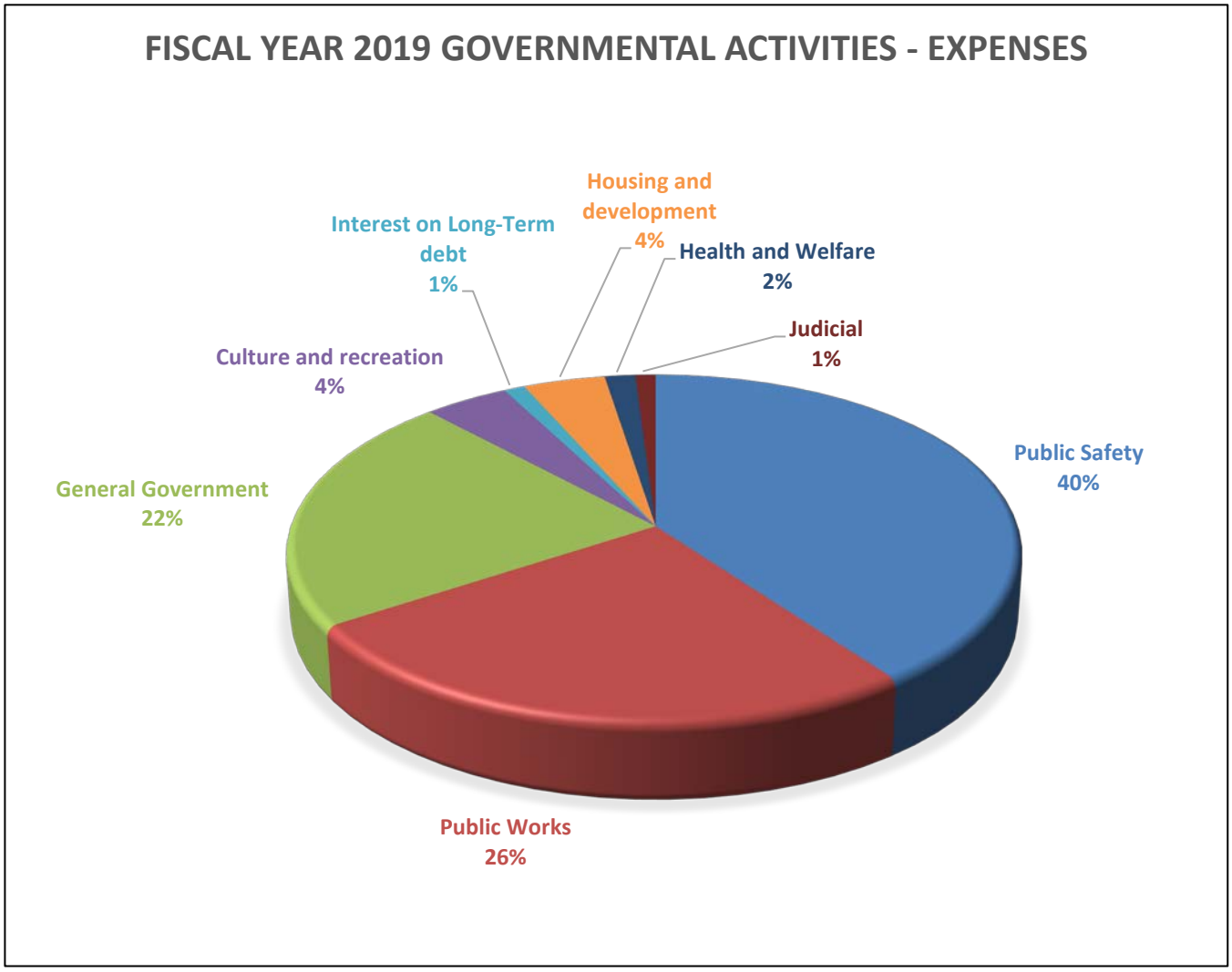


Total governmental activities expenditures decreased by $1.7 million. This decrease is mainly attributable to public safety and public works.

The most significant governmental expense for the City is providing public safety services such as fire, police and environmental management. This comprises 44% of the total governmental expenses. Revenues collected from a variety of sources, such as fines and forfeitures, offset a portion of the public safety expenses. The next largest City cost is public works, which is 26% of total governmental expenses.

The following charts depict expenses of the governmental activities for fiscal years 2019 and 2018:

	2019	2018	Change
Expenses			
Public safety	**$ 6,312,865**	$ 8,279,829	$ (1,966,964)
Public works	**4,092,704**	4,821,874	(729,170)
General government	**3,521,774**	2,727,212	794,562
Culture and recreation	**674,600**	749,562	(74,962)
Interest on long-term debt	**165,259**	133,750	31,509
Housing and development	**647,206**	316,519	330,687
Health and welfare	**240,953**	244,849	(3,896)
Judicial	**160,033**	269,435	(109,402)
Total governmental revenues	**$ 15,815,394**	$ 17,543,030	$ (1,727,636)

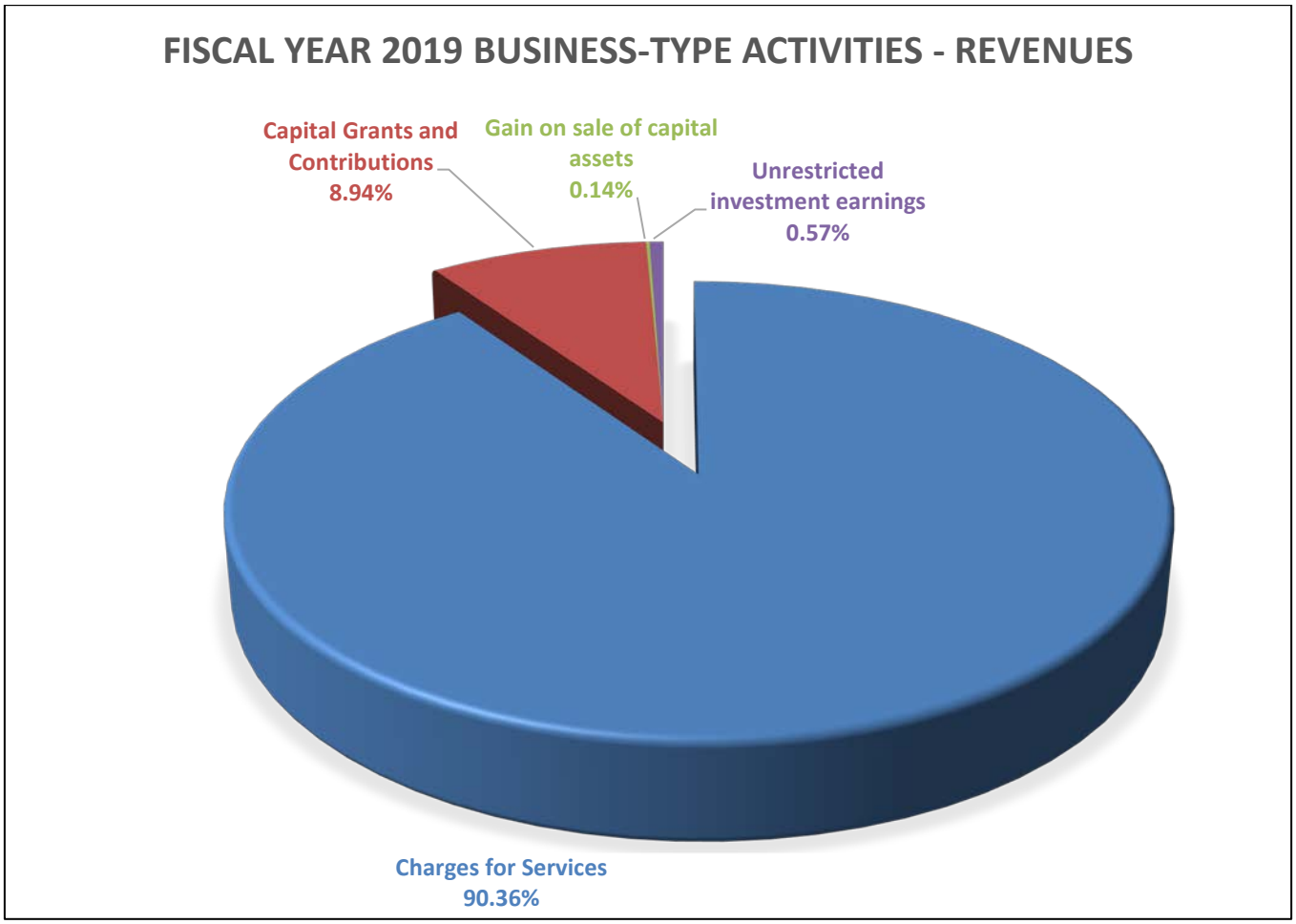


Business-Type Activities

Operating revenues of the business-type activities increased by $995 thousand in 2019. Charges for services, which account for 90% of total business-type revenues, decreased; however, that decrease was partially offset by an increase in capital grants and contributions.

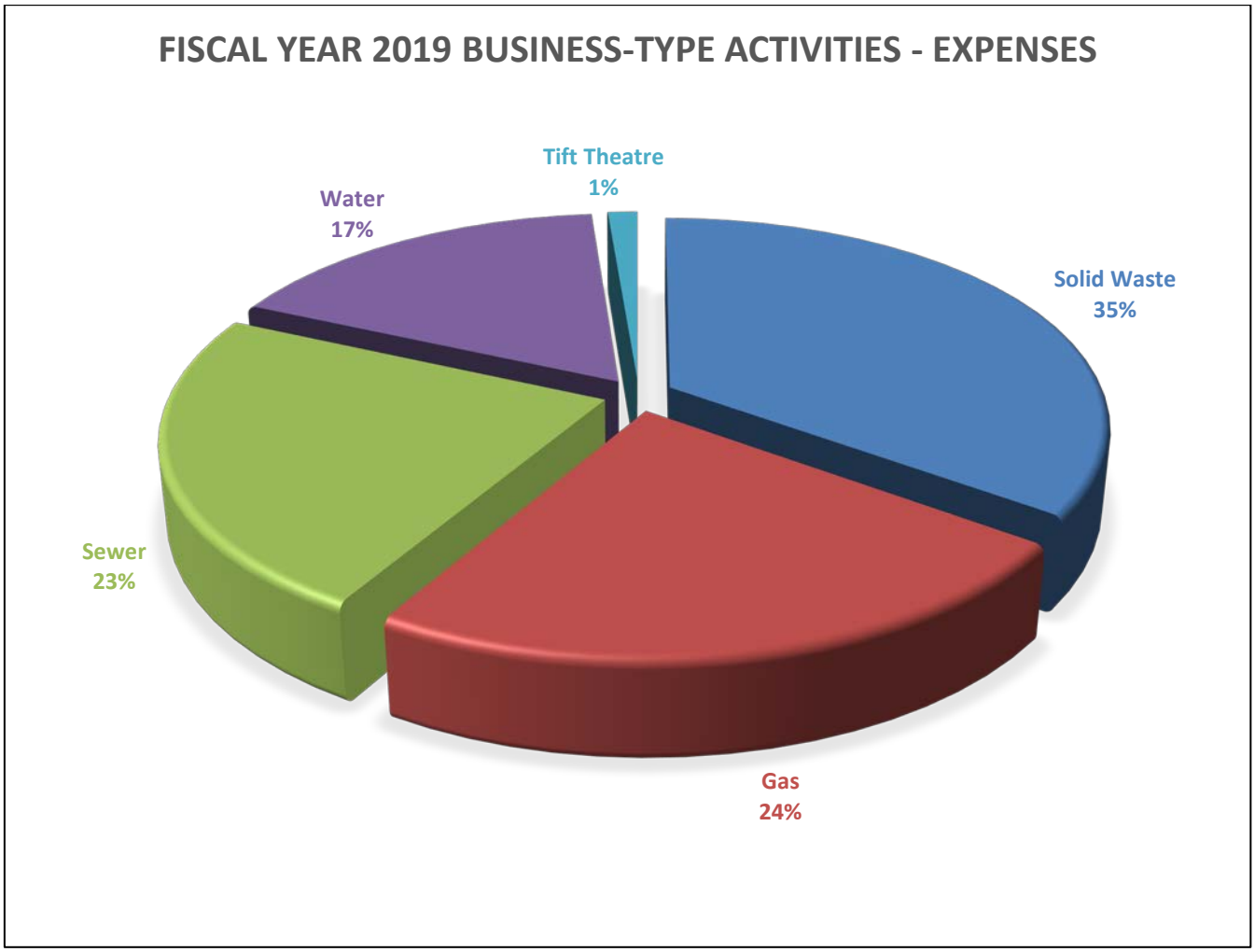
The following charts depict revenues of the business-type activities for fiscal years 2019 and 2018:

	2019	2018	Change
Revenues			
Charges for services	**$ 15,431,218**	$ 15,530,252	$ (99,034)
Capital grants and contributions	**1,526,040**	530,639	995,401
Gain on sale of capital assets	**24,321**	1,058	23,263
Unrestricted investment earnings	**96,515**	20,832	75,683
Total business-type revenues	**$ 17,078,094**	$ 16,082,781	$ 995,313



The cost of all business-type activities this fiscal year was $16.9 million compared to $16.5 million in the prior year. The $16.9 million in expenses was mostly covered by $15.2 million in amounts paid by the users of the systems. The following charts depict expenses of the business-type activities for fiscal years 2019 and 2018:

	2019	2018	Change
Expenses			
Solid Waste	**$ 5,918,747**	$ 5,847,324	$ 71,423
Gas	**3,969,322**	3,749,890	219,432
Sewer	**3,933,351**	3,851,488	81,863
Water	**2,872,233**	3,022,482	(150,249)
Tift Theatre	**217,487**	71,827	145,660
Total business-type expenses	**$ 16,911,140**	$ 16,543,011	$ 368,129



FINANCIAL ANALYSIS OF THE FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. In assessing the City's financing requirements, unassigned fund balance is a particularly useful measure of net resources available for spending at the end of the year.

The City's combined fund balance for governmental funds was $21.9 million in 2019 as compared to $18.5 million in 2018. Approximately $8.7 million of the fund balance is unassigned, which is available for spending at the City's discretion. Around $145 thousand is classified as nonspendable and is reserved for prepaid expenses and advances to other funds. The remainder of the fund balance is restricted and is not available for spending because restrictions have been placed on the amounts by external sources, such as creditors, grantors, and laws or regulations.

General Fund

The General Fund is the City's primary operating fund. It is used to account for financial resources that are not restricted by state or Federal laws or other externally imposed requirements. As of June 30, 2019, total assets were $18.3 million and total liabilities were $9.3 million. This net increase, when combined with deferred inflows of resources of $103 thousand, resulted in an increase in fund balance to $8.8 million as of June 30, 2019 from $6.9 million as of June 30, 2018.

Operating revenues increased by $2.3 million due to an increase to other revenues and slight increase in property taxes, local option sales tax, and interest income.

SPLOST IV

The SPLOST IV (Special Purpose Local Option Sales Tax) Fund accounts for financial resources provided from the 1% local option sales tax. These resources must be used for various building projects and sewer, water, storm drainage and road improvements throughout the City. At the end of fiscal year 2019, the SPLOST IV Fund had a restricted fund balance of $1.15 million, same as fiscal year 2018.

SPLOST V

The SPLOST V (Special Purpose Local Option Sales Tax) Fund accounts for financial resources provided from the 1% local option sales tax. These resources must be used for various building projects. At the end of fiscal year 2019, the SPLOST V Fund had a restricted fund balance of $5.698 million, a decrease of $10,850 from the prior year.

SPLOST VI

The SPLOST VI (Special Purpose Local Option Sales Tax) Fund accounts for financial resources provided from the 1% local option sales tax. These resources must be used for various building projects and sewer, water, storm drainage, property acquisition and demolition and road improvements throughout the City. At the end of fiscal year 2019, the SPLOST VI Fund had a restricted fund balance of $233 thousand. Collections for this SPLOST VI Fund started in January 2019.

Capital Projects Fund

The Capital Projects Fund accounts for the leasing of certain equipment through the lease pool agreement with the Georgia Municipal Association ("GMA"). As of June 30, 2019, the Capital Projects Fund had a restricted fund balance of $3 million, a decrease of $242 thousand from the prior year.

Proprietary Funds

Proprietary fund statements provide the same information as in the business-type column of the government-wide statements, but in greater detail.

As of June 30, 2019, the total net position was $47.5 million, an increase of $500 thousand from the prior year. Of the total net position, $30 million was invested in capital assets net of related debt and $16.5 million was unrestricted. Operating revenues decreased $99 thousand in fiscal year 2019, and operating expenses increased $364 thousand.

Operating income is the result of operating revenues less operating expenses.

Water Revenue Fund

For fiscal year 2019, the water revenue fund reflects operating income of $705 thousand compared to 2018 operating income of $588 thousand. Operating expenses decreased $150 thousand.

Sewer Revenue Fund

The sewer revenue fund reflects an operating gain of $141 thousand, compared to an operating loss of $2 thousand in 2018. Operating expenses increased $89 thousand, which was due to Utilities and Maintenance and Repairs for equipment.

Gas Revenue Fund

The gas revenue fund experienced a decrease of $274 thousand in 2019, compared to an operating increase of $1 million 2018. This inconsistency in operating income is a result of varying climate conditions. Operating expenses increased $218 thousand, which was due to the gallons of gas purchased and system repairs and maintenance.

Solid Waste Collection and Disposal Fund

The solid waste collection and disposal fund had operating loss of $2.5 million in fiscal year 2019 which was the same amount during fiscal year 2018. Operating expenses increased by $71 thousand due to equipment repairs and maintenance.

Internal Service Fund

In fiscal year 2019, the internal service fund had operating loss of $314 thousand compared to operating gain of $553 thousand in fiscal year 2018. The 2019 decrease is due to personnel services.

Tift Theatre Fund

In fiscal year 2019, the Tift Theatre fund had an operating loss of $189 thousand compared to a loss of $44 thousand in fiscal year 2018 due to lower income and higher expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget to actual statement is presented in the basic financial statements. The original and final approved revenue budgets for fiscal year 2019 were $13.7 million. General Fund revenues were $1.6 million more than the final budget amounts. There was an increase in property tax collections as well as sales taxes.

The original and final approved expenditure budgets for fiscal year 2019 were $13.762 million and $13.776 million, respectively. Actual expenditures were $547 thousand less than the final budget amounts.

Generally, amendments are done to: 1) appropriate fund balance for encumbrance from prior years; 2) adjust the estimates that are used to prepare the original budget resolution once the exact information is available; 3) recognize new funding sources from external resources, such as Federal, state and local grants; 4) appropriate increases that become necessary to maintain services; and 5) provide appropriations between departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end, the City had $68.7 million, net of accumulated depreciation, invested in a variety of capital assets, as reflected in the following schedule. The net increase (additions, deletions, and depreciation/amortization) of $262 thousand from the end of 2018 is primarily due to the fiscal year 2019 additions to accumulated depreciation offset by additions to construction in progress, buildings and improvements.

Additional information regarding the capital assets of the City can be found in Note 4 of the basic financial statements.

City of Tifton's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	**2019**	2018	**2019**	2018
Land	**$ 2,878,671**	$ 2,624,664	**$ 582,835**	$ 582,835	**$ 3,461,506**	$ 3,207,499
Construction in progress	**-**	68,820	**245,719**	245,719	**245,719**	314,539
Buildings and improvements	**6,986,381**	7,252,748	**292,934**	319,669	**7,279,315**	7,572,417
Distribution system	**-**	-	**28,844,451**	28,727,285	**28,844,451**	28,727,285
Landfill	**-**	-	**896,611**	958,460	**896,611**	958,460
Machinery and equipment	**2,018,191**	2,208,467	**1,997,002**	1,903,170	**4,015,193**	4,111,637
Infrastructure	**24,039,444**	24,152,819	**-**	-	**24,039,444**	24,152,819
Total	**$ 35,922,687**	$ 36,307,518	**$ 32,859,552**	$ 32,737,138	**$ 68,782,239**	$ 69,044,656

Long-Term Debt

The State of Georgia limits the amount of general obligation that a unit of government can issue to 10% of the total assessed value of the taxable property within the City's boundaries. The legal debt margin for the City is $38 million based on the City's 2019 gross digest. However, the City has no general obligation bond.

- The City's long-term debt consists of notes payable, certificates of participation, pension obligations, accrued vacation pay, and closure/post-closure costs. At June 30, 2019 and 2018, the City had $22 million and $24 million in debt outstanding, respectively. The decrease is primarily due to the net pension liability and notes payable.

More detailed information about the City's long-term debt is presented in Note 5 in the notes to the financial statements.

Long-Term Debt

	Governmental Activities		Business-type Activities		Total	
	2019	2018	**2019**	2018	**2019**	2018
Notes payable	**$ -**	$ 134,670	**$ 539,572**	$ 676,363	**$ 539,572**	$ 811,033
Bonds payable	**-**	-	**1,345,000**	1,660,000	**1,345,000**	1,660,000
Certificates of participation	**4,444,000**	4,444,000	**-**	-	**4,444,000**	4,444,000
Compensated absences	**305,589**	326,958	**15,155**	24,801	**320,744**	351,759
Net pension liability	**5,366,678**	10,225,692	**1,824,022**	3,226,185	**7,190,700**	13,451,877
Landfill post-closure	**-**	-	**8,540,403**	5,209,069	**8,540,403**	5,209,069
Total	**$ 10,116,267**	$ 15,131,320	**$ 12,264,152**	$ 10,796,418	**$ 22,380,419**	$ 25,927,738

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's unemployment rate in 2019 was 3.6% compared to 3.8% in 2018. In contrast, both the statewide and national annual averages were 3.4% and 3.6%, respectively.

- The tax digest for 2019 slightly increased due to new commercial development and renovations.
- The fiscal year 2019 budget totals $43.2 million for all funds, an $800 thousand increase from the fiscal year 2018 final budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's, finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the City of Tifton Finance Department, P.O. Box 229, Tifton, Georgia 31793-0229 or visit our website at www.tifton.net.

CITY OF TIFTON, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government			Component Unit
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**	**Downtown Development Authority**
Cash and cash equivalents	$ 22,447,792	$ 14,832,744	$ 37,280,536	$ 1,211,392
Investments	3,899,552	7,851,007	11,750,559	623,785
Taxes receivable	752,170	-	752,170	-
Accounts receivable, net of allowances	82,537	1,486,553	1,569,090	39,620
Interest receivable	-	-	-	789
Notes receivable	-	267,100	267,100	346,323
Due from other governments	290,762	-	290,762	-
Due from component units	179,344	-	179,344	-
Internal balances	(4,402,620)	4,402,620	-	-
Inventories	474,366	-	474,366	-
Prepaid expenses	430,149	-	430,149	-
Fair value of interest rate swap agreement	1,148,806	-	1,148,806	-
Capital assets:				
Nondepreciable	2,878,671	828,554	3,707,225	257,583
Depreciable, net	33,044,016	32,030,998	65,075,014	1,590,759
Total assets	61,225,545	61,699,576	122,925,121	4,070,251
DEFERRED OUTFLOWS OF RESOURCES				
Pension experience differences	720,581	244,912	965,493	-
Pension assumption changes	1,214,409	412,751	1,627,160	-
Pension contributions	663,562	225,531	889,093	-
Pension investment return	380,069	129,178	509,247	-
Total deferred outflows of resources	2,978,621	1,012,372	3,990,993	-
LIABILITIES				
Accounts payable	880,577	255,314	1,135,891	5,539
Retainage payable	113,633	-	113,633	-
Accrued liabilities	97,316	10,570	107,886	625
Accrued interest	-	9,395	9,395	-
Due to primary government	-	-	-	179,344
Customer deposits payable	-	1,057,221	1,057,221	-
Net pension liability	5,366,678	1,824,022	7,190,700	-
Notes payable due within one year	-	142,831	142,831	53,070
Notes payable due in more than one year	-	396,741	396,741	249,882
Revenue bonds payable due in more than one year	-	1,345,000	1,345,000	-
Certificates of participation due in more than one year	4,444,000	-	4,444,000	-
Compensated absences due within one year	15,279	758	16,037	-
Compensated absences due in more than one year	290,310	14,397	304,707	-
Landfill closure/post-closure care costs due in more than one year	-	8,540,403	8,540,403	-
Total liabilities	11,207,793	13,596,652	24,804,445	488,460
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging derivatives	1,148,806	-	1,148,806	-
Pension experience differences	1,128,484	385,026	1,513,510	-
Pension assumption changes	3,430,353	1,164,430	4,594,783	-
Total deferred inflows of resources	5,707,643	1,549,456	7,257,099	-
NET POSITION				
Net investment in capital assets	34,997,449	30,974,980	65,972,429	1,545,390
Restricted for tourism	1,668,428	-	1,668,428	-
Restricted for capital outlay	11,169,315	-	11,169,315	-
Restricted for public safety	22,410	-	22,410	-
Restricted for housing and development	205,764	-	205,764	-
Unrestricted	(774,636)	16,590,860	15,816,224	2,036,401
Total net position	$ 47,288,730	$ 47,565,840	$ 94,854,570	$ 3,581,791

The accompanying notes are an integral part of these financial statements.

CITY OF TIFTON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-type Activities	Net (Expenses) Revenues and Changes in Net Position: Total	Net (Expenses) Revenues and Changes in Net Position: Downtown Development Authority
Primary government								
Governmental activities:								
General government	$ 3,521,774	$ 3,647,155	$ -	$ -	$ 125,381	$ -	$ 125,381	$ -
Judicial	160,033	-	-	-	(160,033)	-	(160,033)	-
Public safety	6,312,865	819,585	11,664	1,648,571	(3,833,045)	-	(3,833,045)	-
Public works	4,092,704	19,148	2,235	1,947,025	(2,124,296)	-	(2,124,296)	-
Health and welfare	240,953	117,846	-	971	(122,136)	-	(122,136)	-
Culture and recreation	674,600	-	-	-	(674,600)	-	(674,600)	-
Housing and development	647,206	213,744	12,500	-	(420,962)	-	(420,962)	-
Interest on long-term debt	165,259	-	-	-	(165,259)	-	(165,259)	-
Total governmental activities	15,815,394	4,817,478	26,399	3,596,567	(7,374,950)	-	(7,374,950)	-
Business-type activities:								
Water	2,872,233	3,578,142	-	1,526,040	-	2,231,949	2,231,949	-
Sewer	3,933,351	4,037,223	-	-	-	103,872	103,872	-
Gas	3,969,322	4,461,323	-	-	-	492,001	492,001	-
Solid waste collection and disposal	5,359,446	3,326,324	-	-	-	(2,033,122)	(2,033,122)	-
Tift Theatre	217,487	28,206	-	-	-	(189,281)	(189,281)	-
Total business-type activities	16,351,839	15,431,218	-	1,526,040	-	605,419	605,419	-
Total primary government	$ 32,167,233	$ 20,248,696	$ 26,399	$ 5,122,607	(7,374,950)	605,419	(6,769,531)	-
Component unit:								
Tifton Downtown Development Authority	$ 251,141	$ 10,361	$ 2,000	$ 264,246	-	-	-	25,466
Total component unit	$ 251,141	$ 10,361	$ 2,000	$ 264,246	-	-	-	25,466
General revenues:								
Property taxes					3,704,500	-	3,704,500	-
Sales taxes					3,065,527	-	3,065,527	-
Insurance premium tax					1,175,613	-	1,175,613	-
Alcoholic beverage taxes					280,371	-	280,371	-
Hotel/motel taxes					1,139,474	-	1,139,474	-
Franchise taxes					1,072,095	-	1,072,095	-
Other taxes					1,186,311	-	1,186,311	-
Unrestricted investment earnings					189,181	96,515	285,696	38,227
Gain on sale of capital assets					-	24,321	24,321	-
Transfers					187,603	(187,603)	-	-
Total general revenues and transfers					12,000,675	(66,767)	11,933,908	38,227
Change in net position					4,625,725	538,652	5,164,377	63,693
Net position, beginning of year					42,663,005	47,027,188	89,690,193	3,518,098
Net position, end of year					$ 47,288,730	$ 47,565,840	$ 94,854,570	$ 3,581,791

The accompanying notes are an integral part of these financial statements.

CITY OF TIFTON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

ASSETS	General Fund	SPLOST V Fund	Capital Projects Fund
Cash and cash equivalents	$ 15,693,114	$ 4,140,050	$ 280,263
Investments	267,157	-	3,632,395
Taxes receivable, net	117,809	-	-
Accounts receivable, net	81,325	-	-
Due from other governments, net	268,767	-	-
Due from other funds	1,761,323	1,654,803	-
Due from component unit	-	-	-
Prepaid expenditures	145,392	-	-
Total assets	$ 18,334,887	$ 5,794,853	$ 3,912,658
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 529,628	$ 73,299	$ 156,264
Retainage payable	-	113,633	-
Accrued liabilities	94,708	-	-
Due to other funds	8,729,718	-	750,425
Total liabilities	9,354,054	186,932	906,689
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	103,686	-	-
Unavailable revenue - grants	-	-	-
Total deferred inflows of resources	103,686	-	-
FUND BALANCES			
Nonspendable:			
Prepaid expenditures	145,392	-	-
Restricted for:			
Capital outlay	-	5,607,921	3,005,969
Public safety	-	-	-
Tourism	-	-	-
Housing and development	-	-	-
Unassigned	8,731,755	-	-
Total fund balances	8,877,147	5,607,921	3,005,969
Total liabilities, deferred inflows of resources and fund balances	$ 18,334,887	$ 5,794,853	$ 3,912,658

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.
- Cost of capital assets
- Accumulated depreciation

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.
- These deferred outflows of resources consist of pension related experience differences, assumption changes, and differences between projected and actual earnings on plan investments.

Internal service funds are used by management to charge the costs of certain administrative functions to individual funds.
- Assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds.
- Certificates of participation
- Compensated absences
- Net pension liability

Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds. These deferred inflows of resources consist of pension related experience differences, and assumption changes.

Net position of governmental activities

The accompanying notes are an integral part of these financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 2,328,908	$ 22,442,335
-	3,899,552
634,361	752,170
-	81,325
21,995	290,762
1,488,367	4,904,493
179,344	179,344
-	145,392
$ 4,652,975	$ 32,695,373
$ 83,132	$ 842,323
-	113,633
-	94,708
75,951	9,556,094
159,083	10,606,758
-	103,686
16,865	16,865
16,865	120,551
-	145,392
2,555,425	11,169,315
22,410	22,410
1,668,428	1,668,428
205,764	205,764
25,000	8,756,755
4,477,027	21,968,064
$ 4,652,975	
	63,478,037
	(27,555,350)
	120,551
	2,886,878
	752,495
	(4,444,000)
	(298,146)
	(5,201,378)
	(4,418,421)
	$ 47,288,730

CITY OF TIFTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	SPLOST V Fund	Capital Projects Fund
REVENUES			
Taxes	$ 7,468,553	$ -	$ -
Sales taxes	3,065,527	-	-
Charges for services	295,486	-	-
Licenses and permits	310,094	-	-
Intergovernmental	-	1,808,942	-
Fines and forfeitures	763,707	-	-
Interest revenue	82,516	42,792	97,205
Other revenues	3,416,857	-	-
Total revenues	15,402,740	1,851,734	97,205
EXPENDITURES			
Current:			
General government	3,031,923	-	-
Judicial	234,136	-	-
Public safety	6,745,060	-	-
Public works	2,180,148	-	-
Health and welfare	250,897	-	-
Culture and recreation	138,715	-	-
Housing and development	646,082	-	-
Capital outlay	-	1,931,354	733,783
Debt service:			
Principal	-	-	-
Interest	-	-	163,827
Total expenditures	13,226,961	1,931,354	897,610
Excess (deficiency) of revenues over (under) expenditures	2,175,779	(79,620)	(800,405)
OTHER FINANCING SOURCES (USES)			
Transfers in	10,543	-	558,124
Transfers out	(287,988)	-	-
Total other financing sources (uses)	(277,445)	-	558,124
Net change in fund balances	1,898,334	(79,620)	(242,281)
Fund balances, beginning of year	6,978,813	5,687,541	3,248,250
Fund balances, end of year	$ 8,877,147	$ 5,607,921	$ 3,005,969

The accompanying notes are an integral part of these financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 1,139,474	$ 8,608,027
-	3,065,527
-	295,486
-	310,094
1,762,578	3,571,520
12,186	775,893
17,915	240,428
19,148	3,436,005
2,951,301	20,302,980
3,855	3,035,778
-	234,136
15,725	6,760,785
-	2,180,148
-	250,897
505,178	643,893
-	646,082
346,985	3,012,122
134,670	134,670
1,432	165,259
1,007,845	17,063,770
1,943,456	3,239,210
30,912	599,579
(123,988)	(411,976)
(93,076)	187,603
1,850,380	3,426,813
2,626,647	18,541,251
$ 4,477,027	$ 21,968,064

CITY OF TIFTON, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$	3,426,813
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Total capital outlay		1,444,755
Total depreciation		(1,829,586)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(49,663)
Internal service funds are used by management to charge the costs of certain functions to individual funds. The net loss of certain activities in the internal service funds is reported with governmental activities.		(314,006)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal repayments		134,670
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The adjustments for these items are as follows:		
Compensated absences		18,479
Net pension liability and related deferred inflows and outflows of resources		1,794,263
Change in net position - governmental activities	$	4,625,725

The accompanying notes are an integral part of these financial statements.

CITY OF TIFTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Property taxes	$ 3,640,300	$ 3,640,300	$ 3,735,804	$ 95,504
Sales taxes	2,820,000	2,820,000	3,065,527	245,527
Franchise taxes	1,310,000	1,310,000	1,072,095	(237,905)
Other taxes	2,448,000	2,448,000	2,642,295	194,295
Penalties and interest - delinquent taxes	30,000	30,000	18,359	(11,641)
Licenses and permits	457,000	457,000	310,094	(146,906)
Intergovernmental	43,000	43,000	-	(43,000)
Charges for services	379,500	379,500	295,486	(84,014)
Fines and forfeitures	748,000	748,000	763,707	15,707
Interest revenue	10,000	10,000	82,516	72,516
Other revenues	1,890,264	1,876,744	3,416,857	1,540,113
Total revenues	13,776,064	13,762,544	15,402,740	1,640,196
EXPENDITURES				
Current				
General government:				
City Council	94,440	138,883	88,618	50,265
General administration	2,892,712	2,774,682	2,943,305	(168,623)
Total general government	2,987,152	2,913,565	3,031,923	(118,358)
Municipal court	248,810	248,826	234,136	14,690
Public safety:				
Police	4,664,900	4,673,007	4,170,611	502,396
Fire	2,605,645	2,605,983	2,574,449	31,534
Total public safety	7,270,545	7,278,990	6,745,060	533,930
Public works:				
Highways and streets	1,840,620	1,842,244	1,933,769	(91,525)
Cemetery	244,470	244,470	246,379	(1,909)
Total public works	2,085,090	2,086,714	2,180,148	(93,434)
Health and welfare:				
Senior citizens center	249,935	251,423	250,764	659
Nutrition program	-	-	133	(133)
Total health and welfare	249,935	251,423	250,897	526
Culture and recreation:				
Library	138,715	138,715	138,715	-
Housing and development:				
Code enforcement	509,570	552,735	478,153	74,582
Economic development	288,345	303,346	167,929	135,417
Total housing and development	797,915	856,081	646,082	209,999
Total expenditures	13,778,162	13,774,314	13,226,961	547,353
Excess of revenues (expenditures) over expenditures (revenues)	(2,098)	(11,770)	2,175,779	2,187,549

(Continued)

CITY OF TIFTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 289,000	$ 289,000	$ 10,543	$ (278,457)
Transfers out	(286,902)	(292,752)	(287,988)	4,764
Total other financing sources (uses)	2,098	(3,752)	(277,445)	(273,693)
Net change in fund balances	-	(15,522)	1,898,334	1,913,856
Fund balances, beginning of year	6,978,813	6,978,813	6,978,813	-
Fund balances, end of year	$ 6,978,813	$ 6,963,291	$ 8,877,147	$ 1,913,856

The accompanying notes are an integral part of these financial statements.

CITY OF TIFTON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Major Proprietary Funds			
	Water Revenue Fund	Sewer Revenue Fund	Gas Revenue Fund	Solid Waste Collection and Disposal Fund
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 4,948,558	$ 215,873	$ 5,026,595	$ 4,606,191
Investments	-	-	-	7,851,007
Accounts receivable, net of allowances	417,984	452,783	310,282	305,504
Current portion - notes receivable	-	-	109,761	-
Due from other funds	2,649,099	2,094,347	-	789,784
Inventories	-	-	-	-
Prepaid expenses	-	-	-	-
Total current assets	8,015,641	2,763,003	5,446,638	13,552,486
NON-CURRENT ASSETS				
Notes receivable, net of current portion	-	-	157,339	-
Capital assets:				
Nondepreciable	121,741	394,985	102,302	184,526
Depreciable, net of accumulated depreciation	11,558,265	14,571,144	3,347,778	2,113,780
Total non-current assets	11,680,006	14,966,129	3,607,419	2,298,306
Total assets	19,695,647	17,729,132	9,054,057	15,850,792
DEFERRED OUTFLOWS OF RESOURCES				
Pension experience differences	54,355	54,559	63,432	72,103
Pension assumption changes	91,604	91,949	106,902	121,516
Pension contributions	50,053	50,242	58,413	66,397
Pension investment return	28,669	28,777	33,457	38,031
Total deferred outflows of resources	224,681	225,527	262,204	298,047

(Continued)

Nonmajor Proprietary Fund		Governmental Activities
Tift Theatre Fund	Totals	Internal Service Fund
$ 35,527	$ 14,832,744	$ 5,457
-	7,851,007	-
-	1,486,553	1,212
-	109,761	-
38,820	5,572,050	261,331
-	-	474,366
-	-	284,757
74,347	29,852,115	1,027,123
-	157,339	-
25,000	828,554	-
440,031	32,030,998	-
465,031	33,016,891	-
539,378	62,869,006	1,027,123
463	244,912	22,194
780	412,751	37,405
426	225,531	20,438
244	129,178	11,706
1,913	1,012,372	91,743

CITY OF TIFTON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Major Proprietary Funds			
	Water Revenue Fund	Sewer Revenue Fund	Gas Revenue Fund	Solid Waste Collection and Disposal Fund
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	$ 20,921	$ 14,919	$ 156,072	$ 62,954
Accrued liabilities	-	-	-	10,033
Accrued interest	-	-	9,395	-
Current portion - compensated absences	-	-	-	758
Current portion - notes payable	-	-	142,831	-
Customer deposits payable	431,488	337,607	221,436	66,690
Due to other funds	-	107,479	1,002,232	59,719
Total current liabilities	452,409	460,005	1,531,966	200,154
NON-CURRENT LIABILITIES				
Compensated absences, net of current portion	-	-	-	14,397
Notes payable, net of current portion	-	-	396,741	-
Revenue bonds payable, net of current portion	-	1,345,000	-	-
Landfill closure/post-closure care costs	-	-	-	8,540,403
Net pension liability	404,816	406,339	472,422	537,001
Total non-current liabilities	404,816	1,751,339	869,163	9,091,801
Total liabilities	857,225	2,211,344	2,401,129	9,291,955
DEFERRED INFLOWS OF RESOURCES				
Pension experience differences	85,123	85,444	99,339	112,918
Pension assumption changes	258,757	259,731	301,970	343,248
Total deferred inflows of resources	343,880	345,175	401,309	456,166
NET POSITION				
Net investment in capital assets	11,680,006	13,621,129	2,910,508	2,298,306
Unrestricted	7,039,217	1,777,011	3,603,315	4,102,412
Total net position	$ 18,719,223	$ 15,398,140	$ 6,513,823	$ 6,400,718

The accompanying notes are an integral part of these financial statements.

Nonmajor Proprietary Fund		Governmental Activities
Tift Theatre Fund	Totals	Internal Service Fund
$ 448	$ 255,314	$ 38,254
537	10,570	2,608
-	9,395	-
-	758	372
-	142,831	-
-	1,057,221	-
-	1,169,430	12,350
985	2,645,519	53,584
-	14,397	7,071
-	396,741	-
-	1,345,000	-
-	8,540,403	-
3,444	1,824,022	165,300
3,444	12,120,563	172,371
4,429	14,766,082	225,955
2,202	385,026	34,758
724	1,164,430	105,658
2,926	1,549,456	140,416
465,031	30,974,980	-
68,905	16,590,860	752,495
$ 533,936	$ 47,565,840	$ 752,495

CITY OF TIFTON, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Major Proprietary Funds			
	Water Revenue Fund	Sewer Revenue Fund	Gas Revenue Fund	Solid Waste Collection and Disposal Fund
OPERATING REVENUES				
Charges for services	$ 3,354,659	$ 3,984,491	$ 4,272,181	$ 3,284,534
Penalties and fines	196,113	47,144	39,494	30,690
Miscellaneous	27,370	5,588	149,648	11,100
Total operating revenues	3,578,142	4,037,223	4,461,323	3,326,324
OPERATING EXPENSES				
Personnel services	-	-	71,565	343,347
Cost of gas sold	-	-	2,503,025	-
Contract services	1,265,005	2,184,506	579,884	1,170,618
Utilities	313,414	240,521	14,594	10,248
Equipment repairs and maintenance	28,500	958	44,792	234,822
System repairs and maintenance	31,915	139,717	200	-
Landfill expenses	-	-	-	3,385,361
Supplies	-	-	-	113,069
Insurance	38,646	36,072	18,302	39,760
Gas, oil and grease	40,093	137,377	3,248	61,758
Professional services	4,060	34	-	20,390
Depreciation	632,932	588,574	131,272	260,861
Postage	70	384	110	296
Marketing	-	-	15,430	-
Administrative and clerical	517,598	549,557	567,880	277,711
Miscellaneous	-	18,135	324	506
Total operating expenses	2,872,233	3,895,835	3,950,626	5,918,747
Operating income (loss)	705,909	141,388	510,697	(2,592,423)
NON-OPERATING INCOME (EXPENSES)				
Investment earnings	50,968	3,325	42,004	559,301
Interest expense	-	(37,516)	(18,696)	-
Gain on sale of capital assets	-	-	-	24,321
Total non-operating income (expenses)	50,968	(34,191)	23,308	583,622
Income (loss) before contributions and transfers	756,877	107,197	534,005	(2,008,801)
CAPITAL CONTRIBUTIONS	1,526,040	-	-	-
TRANSFERS				
Transfers in	-	-	-	-
Transfers out	-	-	-	(301,048)
Total transfers	-	-	-	(301,048)
Change in net position	2,282,917	107,197	534,005	(2,309,849)
NET POSITION, beginning of year	16,436,306	15,290,943	5,979,818	8,710,567
NET POSITION, end of year	$ 18,719,223	$ 15,398,140	$ 6,513,823	$ 6,400,718

The accompanying notes are an integral part of these financial statements.

Nonmajor Proprietary Fund		Governmental Activities
Tift Theatre Fund	Totals	Internal Service Fund
$ 28,206	$ 14,924,071	$ 343,873
-	313,441	-
-	193,706	-
28,206	15,431,218	343,873
26,816	441,728	408,506
-	2,503,025	-
-	5,200,013	-
14,433	593,210	2,505
1,272	310,344	28,217
-	171,832	-
-	3,385,361	-
134,678	247,747	68,722
12,999	145,779	-
-	242,476	-
5,254	29,738	103
22,035	1,635,674	-
-	860	-
-	15,430	-
-	1,912,746	-
-	18,965	150,025
217,487	16,854,928	658,078
(189,281)	(1,423,710)	(314,205)
218	655,816	199
-	(56,212)	-
-	24,321	-
218	623,925	199
(189,063)	(799,785)	(314,006)
-	1,526,040	-
113,445	113,445	-
-	(301,048)	-
113,445	(187,603)	-
(75,618)	538,652	(314,006)
609,554	47,027,188	1,066,501
$ 533,936	$ 47,565,840	$ 752,495

CITY OF TIFTON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Major Proprietary Funds			
	Water Revenue Fund	Sewer Revenue Fund	Gas Revenue Fund	Solid Waste Collection and Disposal Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 922,265	$ 1,980,304	$ 5,572,556	$ 2,642,656
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(2,379,853)	(3,329,703)	(3,774,754)	(2,035,775)
Payments to employees	-	(107,780)	(111,904)	(465,991)
Net cash provided by (used in) operating activities	(1,457,588)	(1,457,179)	1,685,898	140,890
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in/out	-	-	-	(301,048)
Net cash provided by (used in) noncapital financing activities	-	-	-	(301,048)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(58,936)	(16,052)	-	(93,494)
Proceeds from the sale of capital assets	-	-	-	24,323
Principal paid on notes payable	-	-	(136,791)	-
Principal paid on revenue bonds payable	-	(315,000)	-	-
Interest paid	-	(37,516)	(19,548)	-
Net cash used in capital and related financing activities	(58,936)	(368,568)	(156,339)	(69,171)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	-	(463,980)
Principal received on notes receivable	-	-	94,691	-
Interest received	50,968	3,325	42,004	559,301
Net cash provided by investing activities	50,968	3,325	136,695	95,321
Increase (decrease) in cash and cash equivalents	(1,465,556)	(1,822,422)	1,666,254	(134,008)
Cash and cash equivalents:				
Beginning of year	6,414,114	2,038,295	3,360,341	4,740,199
End of year	$ 4,948,558	$ 215,873	$ 5,026,595	$ 4,606,191

(Continued)

Nonmajor Proprietary Fund		Governmental Activities
Tift Theatre Fund	Totals	Internal Service Fund
$ -	$ 11,117,781	$ -
-	-	104,231
(179,914)	(11,699,999)	(138,802)
(25,548)	(711,223)	(371,898)
(205,462)	(1,293,441)	(406,469)
113,445	(187,603)	-
113,445	(187,603)	-
(63,566)	(232,048)	-
-	24,323	-
-	(136,791)	-
-	(315,000)	-
-	(57,064)	-
(63,566)	(716,580)	-
-	(463,980)	-
-	94,691	-
218	655,816	199
218	286,527	199
(155,365)	(1,911,097)	(406,270)
190,892	16,743,841	411,727
$ 35,527	$ 14,832,744	$ 5,457

CITY OF TIFTON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Major Proprietary Funds			
	Water Revenue Fund	Sewer Revenue Fund	Gas Revenue Fund	Solid Waste Collection and Disposal Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 705,909	$ 141,388	$ 510,697	$ (2,592,423)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	632,932	588,574	131,272	260,861
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	(14,463)	(76,849)	98,166	45,223
Increase in inventories	-	-	-	-
Decrease in prepaid items	-	-	-	-
Increase in due from other funds	(2,649,099)	(2,094,347)	-	(789,784)
Decrease (increase) in deferred outflows of resources	44,310	39,026	9,905	40,895
Increase (decrease) in accounts payable	(20,170)	(22,442)	(26,965)	(52,570)
Increase (decrease) in accrued liabilities	-	-	-	(5,796)
Increase in customer deposits	7,685	6,798	10,835	1,174
Increase in landfill closure/post-closure care costs	-	-	-	3,331,334
Increase in due to other funds	-	107,479	1,002,232	59,719
Decrease in net pension liability	(352,469)	(338,453)	(293,641)	(417,213)
Increase in deferred inflows of resources	187,777	191,647	243,397	259,470
Net cash provided by (used in) operating activities	$ (1,457,588)	$ (1,457,179)	$ 1,685,898	$ 140,890
Noncash capital and related financing activities:				
Contributions of capital assets from SPLOST Fund	$ 1,526,040	$ -	$ -	$ -
Unrealized gain on investments	-	-	-	250,508
Net noncash capital and related financing activities	$ 1,526,040	$ -	$ -	$ 250,508

The accompanying notes are an integral part of these financial statements.

Nonmajor Proprietary Fund		Governmental Activities
Tift Theatre Fund	Totals	Internal Service Fund
$ (189,281)	$ (1,423,710)	$ (314,205)
22,035	1,635,674	-
-	52,077	7,890
-	-	(53,206)
-	-	130,104
(38,820)	(5,572,050)	(259,882)
(552)	133,584	(19,042)
(664)	(122,811)	33,872
70	(5,726)	(3,201)
-	26,492	-
-	3,331,334	-
-	1,169,430	12,350
(387)	(1,402,163)	(39,375)
2,137	884,428	98,226
$ (205,462)	$ (1,293,441)	$ (406,469)
$ -	$ 1,526,040	$ -
-	250,508	-
$ -	$ 1,776,548	$ -

CITY OF TIFTON, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Pension Trust Fund
Additions	
Contributions:	
Employer	$ 1,570,500
Employee	105,363
	1,675,863
Investment income:	
Interest and dividends	655,348
	655,348
Total additions	2,331,211
Deductions:	
Administrative expenses	137,989
Retiree benefits	1,799,154
Transfer of assets	25,154,757
Total deductions	27,091,900
Net decrease	(24,760,689)
Net position held in trust for benefits	
Beginning of year	24,760,689
End of year	$ -

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Tifton, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. The Financial Reporting Entity

The City of Tifton is the county seat of Tift County and was incorporated on August 14, 1920, under the provisions of an act of the General Assembly of Georgia and is governed by an elected Mayor and four-member Council. The City Manager is the head of the administrative branch of government. As such, the City Manager is responsible for the day-to-day operations of City government. The City provides the following services and operations as authorized by its charter: public safety (police and fire); public works; health and welfare; housing and development; and public utilities (water, sewer, gas, and solid waste). As required by GAAP, these financial statements include the accounts of all City operations and all activities of the City.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationship with the City.

In conformity with accounting principles generally accepted in the United States of America, as set forth in the Statement of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39 and 61, the component unit's financial statements are discretely presented in the government-wide financial statements.

Discretely Presented Component Unit

The City of Tifton Downtown Development Authority - The City of Tifton Downtown Development Authority (the "Downtown Development Authority") operates the Mainstreet programs. The governing board of the Downtown Development Authority is appointed by the Mayor and City Council and the City has assumed financial responsibility for its operations. The Downtown Development Authority is audited along with the primary government financial statements in accordance with GASB Statements No. 14 and 39. However, separate financial statements are not prepared.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements, although the agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, charges for services, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The ***General Fund*** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The ***Special Purpose Local Option Sales Tax V ("SPLOST V") Fund*** is a capital projects fund used to account for projects supported by the special purpose local option sales tax, including general obligation debt, senior center improvements, roads, sidewalks, water and sewer system improvements, technology equipment and upgrades, firefighting equipment and facility upgrades.

The ***Capital Projects Fund*** accounts for the leasing of certain equipment through a lease pool agreement with the Georgia Municipal Association ("GMA").

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The City reports the following major proprietary funds:

The ***Water Revenue Fund*** accounts for the provision of water services to the residents of the City and Tift County. All activities necessary to provide such services are accounted for in this fund.

The ***Sewer Revenue Fund*** accounts for the provision of sewer services to the residents of the City and Tift County. All activities necessary to provide such services are accounted for in this fund.

The ***Gas Revenue Fund*** accounts for the provisions of natural gas services to the residents of the City and Tift County. All activities necessary to provide such services are accounted for in this fund.

The ***Solid Waste Collection and Disposal Fund*** accounts for the provision of garbage and trash pickup and disposal for the residents of the City and Tift County. All activities necessary to provide such services are accounted for in this fund.

Additionally, the City reports the following fund types:

The ***Special Revenue Funds*** account for revenue sources that are legally restricted to expenditure for specific purposes.

The ***Capital Projects Funds*** account for revenue sources that are to be used for the acquisition and construction of major capital facilities.

The ***Internal Service Fund*** is used to account for the rental of motor vehicles and equipment to other departments and related costs of the City, on a cost reimbursement basis.

The ***Enterprise Fund*** is used to account for the activity of the Tift Theatre.

The ***Pension Trust Fund*** is a fiduciary fund used to account for the assets held by the City in a trustee capacity for retirement benefits for City employees. During the fiscal year ended June 30, 2019, the City closed the Pension Trust Fund and transferred all assets to the Georgia Municipal Employee Benefit System in order to participate in the agent multiple-employer pension plan administered by the Georgia Municipal Association.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water, sewer, gas and solid waste functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services provided. The City also recognizes as operating revenue, the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In February, the department heads are furnished with a worksheet to submit their proposed budget for the upcoming fiscal year to the Finance Director.

2. The budgets are reviewed and compiled by the Finance Director and submitted to the Mayor and City Council.

3. Budget hearings are held with the Mayor and City Council, the City Manager, and the Finance Director for final review and revisions.

4. A public hearing is then held for the proposed budget with adoption of the budget around the first of June.

5. Formal budgetary integration is the management tool used as a control device during the year for governmental and proprietary funds.

During the year, as the need arises, the Finance Director is authorized to transfer budget amounts within departments; however, any revisions that alter the total expenditures/expenses must be approved by the Mayor and City Council.

All annual appropriations lapse at fiscal year-end.

The City adopts annual budgets for its General Fund and special revenue funds, and adopts budgets for its capital project funds on a project basis, with the term of the project being longer than the City's fiscal year. All budgets are prepared on a basis consistent with GAAP.

E. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments (Continued)

The local government investment pool ("Georgia Fund 1"), created by the Official Code of Georgia Annotated ("O.C.G.A.") §36-83-8, is a stable asset value investment pool, which follows Standard & Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1 per share. The pool also adjusts the value of its investments to fair value as of year-end and the City's investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as investments for financial statement presentation.

The City's nonparticipating interest earning investment contracts are recorded at cost. The remaining investments are recorded at fair value. Increases or decreases in the fair value during the year are recognized as a component of investment income.

F. Inventory and Prepaid Items

Inventories are valued at average cost, which approximates market, using the first-in/first-out ("FIFO") method. The City accounts for inventory on the purchase basis. Prepaid expenditures/expenses are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure is made for goods or services that were purchased for consumption, but not consumed as of June 30.

G. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" in the fund financial statements. Short-term interfund loans are classified as "interfund receivables/payables." Long-term interfund loans are classified as advances. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as follows: equipment with an initial cost of more than $10,000; public utility extensions of $20,000 or more; land and buildings of $100,000 or more; and roads, bridges and drainage systems of $250,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, as of the time of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include only those items acquired after June 30, 1980. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following useful lives:

Asset	Years
Buildings and improvements	20 – 50
Machinery and equipment	5 – 20
Infrastructure	20 – 50
Distribution systems	10 – 50
Landfill	20

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond issuance costs are reported as expenses in the year the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Compensated Absences

In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits because these benefits are paid upon the illness of an employee and the amount of such payments cannot be reasonably estimated. Accumulated unpaid vacation costs are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Deferred Outflows/Inflows of Resources

GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, have established accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources (Continued)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City did not have any items that qualified for reporting in this category for the year ended June 30, 2019, with the exception of the pension items discussed below.

In addition to liabilities, the statement of net position and the balance sheet for governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to the pension related items discussed below, the City has two types of items that qualify for reporting in this category. One type arises only under a modified accrual basis of accounting. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grant revenue not received within 60 days after year-end. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. An e*ffective hedge* is reported in the government-wide statement of net position. The effective hedge results from the change in market value of a swap agreement related to the certificates of participation. The amount is deferred and will mature on June 1, 2028, at the same time as the certificates of participation.

The City also has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period. Contributions made by the City to the pension plan before year-end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: a) not in spendable form (i.e., items that are not expected to be converted to cash), or b) legally or contractually required to be maintained intact.

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council has not formally designated an individual to assign fund balances.

- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance, described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

M. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. DEPOSITS AND INVESTMENTS

Total deposits and investments of the primary government as of June 30, 2019, are summarized as follows:

Amounts as presented on the entity-wide statement of net position:	
Cash and cash equivalents	$ 37,280,536
Investments	11,750,559
Total	$ 49,031,095
Cash deposited with financial institutions	$ 37,280,536
Cash deposited with Georgia Fund 1	267,157
Certificate of deposit	1,523,145
Investment in guaranteed investment contract	3,632,394
Investments in U.S. government securities	2,507,636
Investments in municipal bonds	1,910,600
Investments in asset backed securities	1,909,627
Total	$ 49,031,095

Total deposits and investments of the Downtown Development Authority (component unit) as of June 30, 2019, are summarized as follows:

Amounts as presented on the entity-wide statement of net position:	
Cash and cash equivalents	$ 1,211,392
Investments	623,785
Total	$ 1,835,177
Cash deposited with financial institutions	$ 1,211,392
Certificates of deposit (maturity less than one year)	623,785
Total	$ 1,835,177

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk. State statutes authorize the City to invest in U.S. government obligations; U.S. government agency (or other corporation of the U.S. government) obligations; obligations fully insured or guaranteed by the U.S. government or a U.S. government agency; obligations of the State of Georgia or other states; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America; prime bankers' acceptances; repurchase agreements; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

At June 30, 2019, the City had the following investments:

			Investment Maturities (in Years)					
Investment	**Rating**	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**	**11 - 15**	**16 - 20**	**> 20**
Georgia Fund 1	AAAf	$ 267,157	$ -	$ 267,157	$ -	$ -	$ -	$ -
Certificates of deposit	NR	1,523,145	250,038	1,273,107	-	-	-	-
U.S. Government securities	AA+	996,375	-	496,515	252,278	247,582	-	-
U.S. Government securities	AAA	1,511,261	248,173	1,009,008	254,080	-	-	-
Municipal bonds	AA-	570,575	-	267,683	302,892	-	-	-
Municipal bonds	AA	276,903	-	276,903	-	-	-	-
Municipal bonds	AA+	531,412	-	-	531,412	-	-	-
Municipal bonds	AAA	531,710	-	-	531,710	-	-	-
Mortgage backed securities	NR	1,909,627	-	-	89,763	123,920	394,676	1,301,268
Guaranteed investment contract	AA-	3,632,394	-	-	3,632,394	-	-	-
Total		$ 11,750,559	$ 498,211	$ 3,590,373	$ 5,594,529	$ 371,502	$ 394,676	$ 1,301,268

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting its investments to those with maturity of no more than one year, unless matched to a specific requirement.

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

The City has the following recurring fair value measurements as of June 30, 2019:

Investment	Level 1	Level 2	Level 3	Fair Value
Government securities	$ 1,758,844	$ 748,793	$ -	$ 2,507,637
Municipal bonds	-	1,910,599	-	1,910,599
Certificates of deposit	-	1,523,145	-	1,523,145
Mortgage backed securities	-	1,909,627	-	1,909,627
Total investments measured at fair value	$ 1,758,844	$ 6,092,164	$ -	7,851,008
Investments not subject to level disclosure:				
Georgia Fund 1				267,157
Investments recorded at cost:				
Guaranteed investment contract				3,632,394
				$ 11,750,559
Fair market hedging derivative:				
Interest rate swap agreement	$ -	$ 1,148,806	$ -	$ 1,148,806

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose its investment in the Georgia Fund 1 within the fair value hierarchy. The Guaranteed Investment Contract is a nonparticipating interest-earning investment contract and, accordingly, is recorded at cost.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized 110% by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2019, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements and the State of Georgia.

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2019, the City was not exposed to custodial credit risk for its investments.

NOTE 3. RECEIVABLES

Receivables as of June 30, 2019, including the applicable allowances for uncollectible accounts, are as follows:

	General	Nonmajor Governmental	Internal Service	Solid Waste Coll. and Disp.
Receivables:				
Taxes	$ 117,809	$ 634,361	$ -	$ -
Accounts	81,325	-	1,212	918,540
Intergovernmental	1,007,170	21,995	-	-
Gross receivables	1,206,304	656,356	1,212	918,540
Less: allowance for uncollectibles	(738,403)	-	-	(613,036)
Net total receivables	$ 467,901	$ 656,356	$ 1,212	$ 305,504

	Water Revenue	Sewer Revenue	Gas Revenue
Receivables:			
Accounts	$ 762,258	$ 734,756	$ 476,546
Notes	-	-	267,100
Gross receivables	762,258	734,756	743,646
Less: allowance for uncollectibles	(344,274)	(281,973)	(166,264)
Net total receivables	$ 417,984	$ 452,783	$ 577,382

Property taxes were levied on behalf of the City by Tift County on January 1, 2018, (levy date) based upon property values assessed as of January 1. The billings were mailed August 15, 2018, and were payable on or before November 15, 2018, for the calendar year 2018 tax. If unpaid by November 15, 2018, the bill becomes delinquent and penalties and interest may be assessed by the City. Property taxes levied for 2018 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the fiscal year ended June 30, 2019, and expected to be collected by August 31, 2019, are recognized as revenues for the year ended June 30, 2019. Net receivables estimated to be collectible subsequent to August 31, 2019, are recorded as revenue when received.

NOTE 3. RECEIVABLES (CONTINUED)

Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually. The tax rate levied during calendar year 2018 for the City's operations was 9.731 mills (mill equals $1 per thousand dollars of assessed value).

At June 30, 2019, the Downtown Development Authority (component unit) has notes receivable totaling $346,323 from a number of entities associated with certain conduit debt financing arrangements of the Downtown Development Authority. These amounts are offset by notes payable of $302,952 with the difference in the two amounts caused by the timing of payments received. Terms of the notes receivable are similar to the terms of the respective and offsetting notes payable.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	$ 2,624,664	$ 254,007	$ -	$ -	$ 2,878,671
Construction in progress	68,820	207,982	-	(276,802)	-
Total capital assets, not being depreciated	2,693,484	461,989	-	(276,802)	2,878,671
Capital assets, being depreciated:					
Buildings and improvements	10,876,772	-	-	-	10,876,772
Machinery and equipment	11,747,321	422,147	-	-	12,169,468
Infrastructure	36,715,705	560,619	-	276,802	37,553,126
Total capital assets, being depreciated	59,339,798	982,766	-	276,802	60,599,366
Less accumulated depreciation for:					
Buildings and improvements	(3,624,024)	(266,367)	-	-	(3,890,391)
Machinery and equipment	(9,538,854)	(612,423)	-	-	(10,151,277)
Infrastructure	(12,562,886)	(950,796)	-	-	(13,513,682)
Total accumulated depreciation	(25,725,764)	(1,829,586)	-	-	(27,555,350)
Total capital assets, being depreciated, net	33,614,034	(846,820)	-	276,802	33,044,016
Governmental activities capital assets, net	$ 36,307,518	$ (384,831)	$ -	$ -	$ 35,922,687

NOTE 4. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of governmental activities as follows:

Governmental activities:	
General government	$ 365,861
Public safety	456,472
Public works	1,002,484
Health and welfare	4,769
Total depreciation expense - governmental activities	$ 1,829,586

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 582,835	$ -	$ -	$ -	$ 582,835
Construction in progress	245,719	-	-	-	245,719
Total capital assets, not being depreciated	828,554	-	-	-	828,554
Capital assets, being depreciated:					
Landfill	6,906,194	-	-	-	6,906,194
Buildings and improvements	958,269	-	-	-	958,269
Distribution system	66,199,164	1,384,177	-	-	67,583,341
Machinery and equipment	10,773,313	373,911	-	-	11,147,224
Total capital assets, being depreciated	84,836,940	1,758,088	-	-	86,595,028
Less accumulated depreciation for:					
Landfill	(5,947,734)	(61,849)	-	-	(6,009,583)
Buildings and improvements	(638,600)	(26,735)	-	-	(665,335)
Distribution system	(37,471,879)	(1,267,011)	-	-	(38,738,890)
Machinery and equipment	(8,870,143)	(280,079)	-	-	(9,150,222)
Total accumulated depreciation	(52,928,356)	(1,635,674)	-	-	(54,564,030)
Total capital assets, being depreciated, net	31,908,584	122,414	-	-	32,030,998
Business-type activities capital assets, net	$ 32,737,138	$ 122,414	$ -	$ -	$ 32,859,552

NOTE 4. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of business-type activities as follows:

Business-type activities:	
Water	$ 632,932
Sewer	588,574
Gas	131,272
Solid waste collection and disposal	260,861
Tift Theatre	22,035
Total depreciation expense - business-type activities	$ 1,635,674

Capital asset activity for the Downtown Development Authority for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Downtown Development Authority					
Capital assets, not being depreciated:					
Land	$ 281,051	$ -	$ (23,468)	$ -	$ 257,583
Total capital assets, not being depreciated	281,051	-	(23,468)	-	257,583
Capital assets, being depreciated:					
Buildings and improvements	2,496,697	28,678	(211,208)	-	2,314,167
Furniture and equipment	42,893	-	-	-	42,893
Total capital assets, being depreciated	2,539,590	28,678	(211,208)	-	2,357,060
Less accumulated depreciation for:					
Buildings and improvements	(679,943)	(78,838)	4,945	-	(753,836)
Furniture and equipment	(8,426)	(4,039)	-	-	(12,465)
Total accumulated depreciation	(688,369)	(82,877)	4,945	-	(766,301)
Total capital assets, being depreciated, net	1,851,221	(54,199)	(206,263)	-	1,590,759
Downtown Development Authority capital assets, net	$ 2,132,272	$ (54,199)	$ (229,731)	$ -	$ 1,848,342

NOTE 5. LONG-TERM DEBT

Notes Payable

The following is a listing of the notes payable of the City of Tifton, Georgia at June 30, 2019:

Business-type Activities

Note payable with a local financial institution dated September 12, 2012, in the original amount of $893,785 to be used for gas line extensions. The loan is to be repaid in annual installments of $100,867 including interest at 2.16% beginning December 12, 2013. The outstanding balance at June 30, 2019, is $385,307.

Note payable with a local financial institution dated September 14, 2012, in the original amount of $431,520 to be used for gas line extensions. The loan is to be repaid in annual installments of $53,554 including interest at 2.16% beginning December 14, 2013. The outstanding balance at June 30, 2019, is $154,265.

Annual debt service requirements to maturity for notes payable of business-type activities are as follows:

Fiscal Year Payable	Total	Principal	Interest
2020	$ 154,421	$ 142,831	$ 11,590
2021	154,421	145,917	8,504
2022	154,723	149,370	5,353
2023	103,587	101,454	2,133
	$ 567,152	$ 539,572	$ 27,580

Discretely Presented Component Unit: Downtown Development Authority

From time to time, the Downtown Development Authority (component unit) incurs notes payable to provide financial assistance to private sector entities or other third parties for the acquisition and construction of commercial facilities. The notes are secured by the property financed and are payable solely from payment received on the notes receivable and lease agreements. Upon repayment of the notes payable, ownership of the acquired facilities transfers to the private sector entity served by the notes payable. The outstanding balance of these notes payable totaled $302,952 at June 30, 2019.

NOTE 5. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

Discretely Presented Component Unit: Downtown Development Authority (Continued)

Debt service requirements to maturity on the notes payable of the Downtown Development Authority are as follows:

Fiscal Year Payable	Total	Principal	Interest
2020	$ 66,733	$ 53,070	$ 13,663
2021	66,733	55,757	10,976
2022	66,734	58,581	8,153
2023	66,733	61,547	5,186
2024	66,734	64,664	2,070
2025	9,364	9,333	31
	$ 343,031	$ 302,952	$ 40,079

Business-type Activities

On December 29, 2014, the City issued $2,735,000 in Series 2014 Sewer Refunding Revenue Bonds for refinancing two outstanding loans payable to the Georgia Environmental Finance Authority ("GEFA"). The Series 2014 Sewer Refunding Revenue Bonds mature on July 1, 2024, and pay interest at 2.26% on January 1 and July 1 each year. Interest and principal payments began July 1, 2015. The principal amount outstanding at June 30, 2019, was $1,345,000. Total interest costs incurred during the fiscal year ended June 30, 2019, were $37,516.

Annual debt service requirements to maturity for revenue bonds of business-type activities are as follows:

Fiscal Year Payable	Total	Principal	Interest
2020	$ 15,270	$ -	$ 15,270
2021	351,851	325,000	26,851
2022	349,414	330,000	19,414
2023	351,807	340,000	11,807
2024	274,882	270,000	4,882
2025	80,908	80,000	908
	$ 1,424,132	$ 1,345,000	$ 79,132

NOTE 5. LONG-TERM DEBT (CONTINUED)

Certificates of Participation

Governmental Activities

The City leases certain equipment through a lease pool agreement with the GMA. The funding of the lease pool was provided by the issuance of $150,126,000 Certificates of Participation by GMA. GMA passed the net proceeds through to the participating municipalities with the City's participation totaling $4,444,000. The lease pool agreement with GMA provides that the City owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation.

The principal of $4,444,000 is due in a lump-sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The City draws from the investment to lease equipment from GMA. The lease pool agreement requires the City to make lease payments back into its investment account to fund the principal and interest requirements of the 1998 GMA Certificates of Participation. The GMA lease program expires June 2028.

As part of the issuance of the certificates of participation, the City entered into an interest rate Swap Agreement. Under the Swap Agreement, the City is required to pay: (i) a semi-annual (and beginning July 1, 2003, a monthly) floating rate of interest based on the Securities Industry and Financial Markets Association ("SIFMA") Municipal Swap Index (plus a 31 basis points spread) to, or on behalf of, the Swap Counterparty (the "Swap Payment"); and the Swap Counterparty will pay to, or on behalf of, the City a semi-annual payment based on a rate equal to the fixed rate on the certificates of participation (4.75%) times a notional amount specified in the Swap Agreement, but generally equal to the outstanding unpaid principal portion of such contract, less the amount originally deposited in the Reserve Fund relating to the contract, and (ii) a one-time Swap Premium to be paid on the effective date of the Swap Agreement. The semi-annual payments from the Swap Counterparty with respect to the City are structured, and expected, to be sufficient to make all interest payments due under the contract, and related distributions of interest on the Certificates. Monthly interest payments between the City, the holders of the Certificates of Participation, and the Swap Counterparty can be made in net settlement form as part of this agreement. Under the Swap Agreement, the City's obligation to pay floating payments to the Swap Counterparty in any calendar year may not exceed an amount equal to the SIFMA Municipal Swap Index plus 5% to be determined on the first business day of December in the preceding year. This agreement matures on June 1, 2028, at the same time of the certificates of participation. This derivative qualifies as a fair market hedge.

NOTE 5. LONG-TERM DEBT (CONTINUED)

Certificates of Participation (Continued)

In the unlikely event that the Swap Counterparty becomes insolvent, or fails to make payments as specified in the Swap Agreement, the City would be exposed to credit risk in the amount of the Swap's fair value. To minimize this risk, the City executed this agreement with counterparties of appropriate credit strength, with the counterparty being rated Aa1 by Moody's. At June 30, 2019, the floating rate being paid by the City is 1.90%, and the market value of this agreement is $1,148,806, an increase of $265,477 from the market value at the end of the previous fiscal year. The market value of the hedge was determined using settlement prices at the end of the day on June 30, 2019 based on the derivative contract. This market value is reported as an asset in the statement of net position. As this derivative is an effective hedge, qualifying for hedge accounting, the inflow from the hedge (any change in fair value from inception until fiscal year-end) is deferred and reported as a deferred inflow in the statement of net position.

Annual debt service requirements for the certificates of participation are as follows:

Fiscal Year Payable	Total	Principal	Interest
2020	$ 211,090	$ -	$ 211,090
2021	211,090	-	211,090
2022	211,090	-	211,090
2023	211,090	-	211,090
2024	211,090	-	211,090
2025 – 2028	5,288,360	4,444,000	844,360
	$ 6,343,810	$ 4,444,000	$ 1,899,810

Closure/Post-closure Care Costs

State and federal laws and regulations require the City to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs*, requires the City to report a liability for the estimated costs of closing and maintaining each landfill site.

Omega/Eldorado Road MSW Landfill Phase 1

The City stopped accepting waste at this landfill site in April 1997, upon reaching full capacity. The City estimated the costs of closing and maintaining this site based on landfill capacity used to date. The estimated post-closure care costs, recorded in the Solid Waste Collection and Disposal Fund statement of net position, is $807,385.

NOTE 5. LONG-TERM DEBT (CONTINUED)

Closure/Post-closure Care Costs (Continued)

Omega/Eldorado Road MSW Landfill Phase 3

The City began operations at this site in July 2008. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, which is expected to occur in 2030, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The landfill closure and post-closure care liability at June 30, 2019 of $7,733,018, is reported in the Solid Waste Collection and Disposal Fund and represents the cumulative amount reported to date based on the use of approximately 66% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of $3,228,402 as the remaining estimated capacity is filled.

These amounts are based on what it would cost to perform all closure and post-closure care in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Should any problems occur during the closure and post-closure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

NOTE 5. LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Notes payable	$ 134,670	$ -	$ (134,670)	$ -	$ -
Certificates of participation	4,444,000	-	-	4,444,000	-
Net pension liability	10,225,692	-	(4,859,014)	5,366,678	-
Compensated absences	326,958	128,354	(149,723)	305,589	15,279
Governmental activity Long-term liabilities	$ 15,131,320	$ 128,354	$ (5,143,407)	$ 10,116,267	$ 15,279
Business-type activities					
Notes payable	$ 676,363	$ -	$ (136,791)	$ 539,572	$ 142,831
Bonds payable	1,660,000	-	(315,000)	1,345,000	-
Net pension liability	3,226,185	-	(1,402,163)	1,824,022	-
Compensated absences	24,801	837	(10,483)	15,155	758
Landfill closure/post-closure	5,209,069	3,331,334	-	8,540,403	-
Business-type activity Long-term liabilities	$ 10,796,418	$ 3,332,171	$ (1,864,437)	$ 12,264,152	$ 143,589
Downtown Development Authority					
Notes payable	$ 353,104	$ -	$ (50,152)	$ 302,952	$ 53,070
Net pension liability	28,303	-	(28,303)	-	-
Component unit Long-term liabilities	$ 381,407	$ -	$ (78,455)	$ 302,952	$ 53,070

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, $7,443 of the Service Fund's compensated absences and $165,300 of the Service Fund's net pension liability are included in the above amounts. Also, for the governmental activities, compensated absences and the net pension obligation are substantially liquidated by the General Fund.

NOTE 6. PENSION PLAN

Prior to the fiscal year ended June 30, 2019, the City maintained a single-employer defined benefit pension plan, which was administered by the City through the Pension Trust Fund. During the year ended June 30, 2019, the City transferred all the assets from the single-employer defined benefit pension plan and Pension Trust Fund to the Georgia Municipal Employee Benefit System ("GMEBS").

Plan description. During the fiscal year ended June 30, 2019, the City, as authorized by the City Council, established a non-contributory defined benefit pension plan, The City of Tifton Retirement Plan, the ("Plan"), covering substantially all of the City's employees. The City's pension plan is administered through the GMEBS, an agent multiple-employer pension plan administered by the GMA. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive between 1% and 1.75% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. The GMA issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Plan membership. As of January 1, 2019, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	179
Inactive plan members entitled to but not receiving benefits	75
Active plan members	123
Total	377

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Commission, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by Plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of Plan members, as determined by the City Council. City contributions to the Plan were $889,094 for the year ended June 30, 2019.

NOTE 6. PENSION PLAN (CONTINUED)

Net Pension Liability of the City

The City's net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, with updated procedures performed by the actuary to roll forward to the total pension liability as of June 30, 2019.

Actuarial assumptions. The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	2.75%, plus service based merit increases
Investment rate of return	7.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with gender-distinct rates, set forward two years for males and one year for females. The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic equity	45%	6.40%
International equity	20%	7.40
Global fixed income	5%	3.03
Domestic fixed income	20%	1.75
Real estate	10%	5.10
Cash	- %	
Total	100%	

* Rates shown are net of the 2.75% assumed rate of inflation.

NOTE 6. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Changes in the net pension liability of the City. The changes in the components of the net pension liability of the City for the year ended June 30, 2019, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	$ 38,240,869	$ 24,760,689	$ 13,480,180
Changes for the year:			
Assumption changes	(6,289,480)	-	(6,289,480)
Net changes	(6,289,480)	-	(6,289,480)
Balances at June 30, 2018	$ 31,951,389	$ 24,760,689	$ 7,190,700

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of Plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability	$ 10,386,430	$ 7,190,700	$ 4,486,533

NOTE 6. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2018, and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the City recognized pension expense of ($1,273,598). At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 965,493	$ 1,513,510
Changes in assumptions	1,627,160	4,594,783
Net difference between projected and actual earnings on pension plan investments	509,247	-
City contributions subsequent to the measurement date	889,093	-
Total	$ 3,990,993	$ 6,108,293

Government contributions subsequent to the measurement date of $889,093 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2020	$ (1,523,230)
2021	(1,547,784)
2022	300,835
2023	155,540
2024	(196,174)
Thereafter	(195,580)
Total	$ (3,006,393)

NOTE 7. INTERFUND BALANCES AND TRANSFERS

The City's interfund receivables and payables at June 30, 2019 (at the fund level) are shown below. These amounts represent short-term receivables and payables. The balances resulted from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

The composition of interfund balances as of June 30, 2019, is as follows:

	Payable			
	General	Capital Projects Fund	Sewer Revenue	Gas Revenue
Receivable				
General fund	$ -	$ 750,425	$ 22,261	$ 915,386
Nonmajor governmental fund	1,488,367	-	-	-
SPLOST V fund	1,652,103	-	-	-
Water revenue	2,636,749	-	-	-
Sewer revenue	2,094,347	-	-	-
Internal service fund	29,548	-	85,218	86,846
Nonmajor proprietary fund	38,820	-	-	-
Solid waste collection and disposal	789,784	-	-	-
Total collection and disposal	$ 8,729,718	$ 750,425	$ 107,479	$ 1,002,232

	Payable			
	Solid Waste Coll. and Disp.	Internal Service Fund	Nonmajor Governmental	Total
Receivable				
General fund	$ -	$ -	$ 73,251	$ 1,761,323
Nonmajor governmental fund	-	-	-	1,488,367
SPLOST V fund	-	-	2,700	1,654,803
Water revenue	-	12,350	-	2,649,099
Sewer revenue	-	-	-	2,094,347
Internal service fund	59,719	-	-	261,331
Nonmajor proprietary fund	-	-	-	38,820
Solid waste collection and disposal	-	-	-	789,784
	$ 59,719	$ 12,350	$ 75,951	$ 10,737,874

NOTE 7. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Interfund transfers for the fiscal year ended June 30, 2019, consisted of the following:

	Transfer To				
Transfer From	Capital Projects Fund	General Fund	Nonmajor Governmental	Nonmajor Proprietary	Total
General Fund	$ 257,076	$ -	$ 30,912	$ -	$ 287,988
Solid waste collection and disposal	301,048	-	-	-	301,048
Nonmajor governmental funds	-	10,543	-	113,445	123,988
Total	$ 558,124	$ 10,543	$ 30,912	$ 113,445	$ 713,024

Transfers are used to: 1) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following General Fund departments had an excess of actual expenditures over appropriations for the fiscal year ended June 30, 2019:

General Fund:	
General administration	$ 168,623
Highways and streets	91,525
Cemetery	1,909
Nutrition program	133

The excess of actual expenditures over appropriations in the General Fund were funded through under-expenditures in other departments and available fund balance.

NOTE 9. HOTEL/MOTEL TAX

The City imposes a 7% hotel/motel tax on lodging facilities within the City. For the fiscal year ended June 30, 2019, $1,139,474 of hotel/motel tax was collected. During the year, $455,544 was paid to the Tifton-Tift County Tourism Association. The remainder of the funds totaling $683,930 was spent by the City in accordance with O.C.G.A. §48-13-51 or remains available for future tourism expenditures in future years.

NOTE 10. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the 10-county south Georgia area, is a member of the Southern Georgia Regional Commission and is required to pay annual dues thereto. During its fiscal year ended June 30, 2019, the City paid $25,374 in such dues. Membership in a Regional Commission is required by O.C.G.A. §50-8-34, which provides for the organizational structure of the Regional Commission in Georgia. The Regional Commission Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. §50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from the Southern Georgia Regional Commission, P.O. Box 1223, Valdosta, Georgia 31603.

The City of Tifton and Tift County have entered into an agreement concerning the maintenance and operation of the Solid Waste Collection and Disposal Revenue Fund. This agreement calls for the City of Tifton to manage and operate the fund. It is the intent of the parties for these operations to be self-supporting through user charges and any surplus generated by these operations be accumulated and used for future use in these operations. The costs of any deficits are to be shared equally between the City and County. The financial statements for this operation are included as an enterprise fund in this financial report.

The City of Tifton and Tift County have also entered into an agreement combining the water and sewer operations of both entities. The City of Tifton manages and operates these activities. The financial statements of these operations are included as a part of this report as the Water Revenue Fund and the Sewer Revenue Fund. The title to all capital assets and any related debt remain with the respective entities; therefore, those items belonging to Tift County are not included in this report. However, because the City agreed to repay Tift County's outstanding debt on the water operations as part of the agreement, the note payable is included as a liability in the Water Revenue Fund.

NOTE 11. RELATED ORGANIZATION

The City's governing body is responsible for all of the board appointments of the City of Tifton Housing Authority. However, the City has no further accountability for this organization.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Grants from Governments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Construction Commitments

In addition to the liabilities enumerated in the balance sheet at June 30, 2019, the City has contractual commitments on uncompleted contracts of approximately $2,048,000.

Agreements with the Municipal Gas Authority of Georgia

The City has entered into a contract for the purchase of wholesale natural gas supplies and related services with the Municipal Gas Authority of Georgia (“MGAG”) that requires the City to purchase all of its natural gas from MGAG. The gas supply contract with MGAG authorizes MGAG to establish rates and charges so as to produce revenues sufficient to cover its operating costs and retire its bonds issued to acquire long-term gas supplies for sale to its members, including the City. In the event that revenues are insufficient to cover all costs and retire bonds issued by MGAG, the City is obligated to pay its obligation share of the costs of the gas supply and related services MGAG provides to the City; costs include amounts equal to principal and interest on MGAG's bonds. These obligations, which extend through the year 2050, are general obligations of the City to which the City's full faith, credit and taxing powers are pledged. The City's obligation to MGAG for gas supply costs are based on MGAG's costs to provide such supply, including bonds issued to purchase long-term rights to bulk supply. Payments to MGAG are made monthly based on actual usage. The total payments under these contracts amounted to $2,359,271.

At June 30, 2019, the outstanding debt of MGAG was approximately $184,110,000. The City's guarantee varies by individual projects undertaken by MGAG and totals approximately $2,497,817 at June 30, 2019.

NOTE 13. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds and to report as promptly as possible and in accordance with any coverage descriptions issued, all incidents which could result in the risk pools being required to pay any claim of loss. The City is also to allow the pools' agents and attorneys to represent the City in investigations, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the risk pools.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TIFTON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30,

	Fiscal Year					
	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	**$ -**	$ 439,603	$ 443,294	$ 454,712	$ 628,470	$ -
Interest on total pension liability	**-**	2,408,111	2,493,963	2,577,951	2,535,128	2,129,173
Changes of benefit terms	**-**	3,280	(37,153)	-	-	5,538,967
Differences between expected and actual experience	**-**	1,801,367	(1,516,773)	(1,973,536)	17,857	335,746
Changes of assumptions	**(6,289,480)**	(762,524)	(244,220)	-	-	4,230,628
Benefit payments, including refunds of employee contributions	**-**	(2,492,093)	(2,354,581)	(2,257,531)	(2,342,637)	(2,237,177)
Net change in total pension liability	**(6,289,480)**	1,397,744	(1,215,470)	(1,198,404)	838,818	9,997,337
Total pension liability - beginning	**38,240,869**	36,843,125	38,058,595	39,256,999	38,418,181	28,420,844
Total pension liability - ending	**31,951,389**	38,240,869	36,843,125	38,058,595	39,256,999	38,418,181
Plan fiduciary net position						
Contributions - employer	**-**	2,543,429	2,774,416	2,770,560	3,651,868	1,889,252
Contributions - employee	**-**	324,123	104,324	80,121	37,730	-
Net investment income (loss)	**-**	1,408,766	1,184,694	(24,420)	(154,293)	2,179,770
Benefit payments, including refunds of employee contributions	**-**	(2,492,093)	(2,354,581)	(2,257,531)	(2,201,840)	(2,117,590)
Administrative expenses	**-**	(9,687)	(19,882)	(166,118)	(177,347)	-
Net change in plan fiduciary net position	**-**	1,774,538	1,688,971	402,612	1,156,118	1,951,432
Plan fiduciary net position - beginning	**24,760,689**	22,986,151	21,297,180	20,894,568	19,738,450	17,787,018
Plan fiduciary net position - ending	**24,760,689**	24,760,689	22,986,151	21,297,180	20,894,568	19,738,450
City's net pension liability - ending	**$ 7,190,700**	$ 13,480,180	$ 13,856,974	$ 16,761,415	$ 18,362,431	$ 18,679,731
Plan fiduciary net position as a percentage of the total pension liability	**77.5%**	64.7%	62.4%	56.0%	53.2%	51.4%
Covered payroll	**$ 4,748,058**	$ 4,027,933	$ 3,944,091	$ 3,989,842	$ 5,315,072	$ 5,315,072
City's net pension liability as a percentage of covered payroll	**151.4%**	334.7%	351.3%	420.1%	345.5%	351.4%

Note to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF TIFTON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30,

	Fiscal Year					
	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	**$ 743,241**	$ 2,349,696	$ 2,269,040	$ 2,768,028	$ 1,764,217	$ 1,766,335
Contributions in relation to the actuarially determined contribution	**889,094**	2,543,429	2,774,416	2,770,560	3,651,868	1,889,251
Contribution deficiency (excess)	**$ (145,853)**	$ (193,733)	$ (505,376)	$ (2,532)	$ (1,887,651)	$ (122,916)
Covered payroll	**$ 4,387,996**	$ 4,027,933	$ 3,944,091	$ 3,989,842	$ 5,315,072	$ 5,315,072
Contributions as a percentage of covered payroll	**20.3%**	63.1%	70.3%	69.4%	68.7%	35.5%

Notes to the Schedule:

Valuation date	January 1, 2019
Cost method	Projected Unit Credit
Actuarial asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed rate of return on investments	7.50%
Projected salary increases	2.75%, plus service based merit increases
Cost-of-living adjustment	0.00%
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Varies for the bases, with a net effective amortization period of 13 years

Changes of Assumptions

The investment return assumption was decreased from 7.75% to 7.50%.
The inflation assumption was decreased from 3.25% to 2.75%.

The schedule will present 10 years of information once it is accumulated.

COMBINING STATEMENTS AND SCHEDULES

CITY OF TIFTON, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The **Community Development Revolving Loan Fund** accounts for grant revenues and expenditures relating to various short-lived projects.

The **Hotel/Motel Tax Fund** accounts for the Hotel/Motel accommodation excise tax receipts and distributions to organizations promoting tourism, as required by agreements with these organizations.

The **Grant Fund** accounts for grant revenues and expenditures relating to various short-lived projects.

The **Confiscated Assets Fund** accounts for monies deemed as forfeited property by courts to the City from cases related to illegal drug activity.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The **CDBG Grant Fund** accounts for grant revenues and expenditures associated with community development block grants received from the Department of Housing and Urban Development.

The **Special Purpose Local Option Sales Tax ("SPLOST") Fund** accounts for projects supported by the special purpose local option sales tax, including construction of roads, sidewalks, water and sewer system improvements, landfill development, firefighting equipment, and construction of City buildings.

The **Special Purpose Local Option Sales Tax ("SPLOST") IV Fund** accounts for projects supported by the special purpose local option sales tax, including renovation and improvement to City buildings, the purchase of vehicles, the purchase of machinery equipment, construction of roads, sidewalks, water and sewer system improvements, property acquisition and property demolition.

The **Transportation Special Purpose Local Option Sales Tax ("T-SPLOST") Fund** accounts for projects supported by the transportation special purpose local option sales tax.

CITY OF TIFTON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds				
ASSETS	**Community Development Revolving Loan Fund**	**Hotel/Motel Tax Fund**	**Grant Fund**	**Confiscated Assets Fund**	**CDBG Grant Fund**
Cash and cash equivalents	$ 26,420	$ 613,951	$ 87,714	$ 30,918	$ -
Taxes receivable	-	108,739	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	1,024,415	-	4,285	-
Due from component unit	179,344	-	-	-	-
Total assets	$ 205,764	$ 1,747,105	$ 87,714	$ 35,203	$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ -	$ 78,677	$ 222	$ 293	$ -
Due to other funds	-	-	58,127	-	-
Total liabilities	-	78,677	58,349	293	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - grants	-	-	16,865	-	-
Total deferred inflows of resources	-	-	16,865	-	-
FUND BALANCES					
Restricted for:					
Capital outlay	-	-	-	-	-
Housing and development	205,764	-	-	-	-
Tourism	-	1,668,428	-	-	-
Public safety	-	-	-	34,910	-
Unassigned	-	-	12,500	-	-
Total fund balances	205,764	1,668,428	12,500	34,910	-
Total liabilities, deferred inflows of resources, and fund balances	$ 205,764	$ 1,747,105	$ 87,714	$ 35,203	$ -

Capital Projects Funds			
SPLOST Fund	SPLOST VI Fund	T-SPLOST Fund	Total
$ 1,165,298	$ 233,567	$ 171,040	$ 2,328,908
-	525,622	-	634,361
-	-	21,995	21,995
-	459,667	-	1,488,367
-	-	-	179,344
$ 1,165,298	$ 1,218,856	$ 193,035	$ 4,652,975
$ -	$ 3,940	$ -	$ 83,132
15,124	2,700	-	75,951
15,124	6,640	-	159,083
-	-	-	16,865
-	-	-	16,865
1,150,174	1,212,216	193,035	2,555,425
-	-	-	205,764
-	-	-	1,668,428
-	-	-	34,910
-	-	-	12,500
1,150,174	1,212,216	193,035	4,477,027
$ 1,165,298	$ 1,218,856	$ 193,035	$ 4,652,975

CITY OF TIFTON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				
	Community Development Revolving Loan Fund	Hotel/Motel Tax Fund	Grant Fund	Confiscated Assets Fund	CDBG Grant Fund
Revenues					
Taxes	$ -	$ 1,139,474	$ -	$ -	$ -
Intergovernmental	-	-	27,370	-	-
Interest revenue	-	7,375	-	304	-
Fines and forfeitures	-	-	-	12,186	-
Other revenues	-	19,148	-	-	-
Total revenues	-	1,165,997	27,370	12,490	-
Expenditures					
Current:					
General government	-	-	3,855	-	-
Public safety	-	-	11,015	4,710	-
Culture and recreation	-	505,178	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	134,670	-	-	-
Interest	-	1,432	-	-	-
Total expenditures	-	641,280	14,870	4,710	-
Excess (deficiency) of revenues over (under) expenditures	-	524,717	12,500	7,780	-
Other financing sources (uses)					
Transfers in	-	-	30,912	-	-
Transfers out	-	(113,445)	-	-	(10,543)
Total other financing sources (uses)	-	(113,445)	30,912	-	(10,543)
Net change in fund balances	-	411,272	43,412	7,780	(10,543)
Fund balances (deficits), beginning of year	205,764	1,257,156	(30,912)	27,130	10,543
Fund balances, end of year	$ 205,764	$ 1,668,428	$ 12,500	$ 34,910	$ -

Capital Projects Funds			
SPLOST Fund	SPLOST VI Fund	T-SPLOST Fund	Total
$ -	$ -	$ -	$ 1,139,474
-	1,542,899	192,309	1,762,578
8,654	856	726	17,915
-	-	-	12,186
-	-	-	19,148
8,654	1,543,755	193,035	2,951,301
-	-	-	3,855
-	-	-	15,725
-	-	-	505,178
15,446	331,539	-	346,985
-	-	-	134,670
-	-	-	1,432
15,446	331,539	-	1,007,845
(6,792)	1,212,216	193,035	1,943,456
-	-	-	30,912
-	-	-	(123,988)
-	-	-	(93,076)
(6,792)	1,212,216	193,035	1,850,380
1,156,966	-	-	2,626,647
$ 1,150,174	$ 1,212,216	$ 193,035	$ 4,477,027

CITY OF TIFTON, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
2006 Referendum					
Street and sidewalk improvements	$ 2,670,000	$ 2,670,000	$ 2,599,184	$ 15,446	$ 2,614,630
New fire station and equipment	2,660,000	2,660,000	2,166,748	-	2,166,748
Police equipment	414,000	414,000	308,229	-	308,229
Sewer system improvements	6,831,000	6,831,000	5,747,081	-	5,747,081
Water system improvements	5,200,000	5,200,000	4,105,889	-	4,105,889
Drainage improvements	2,500,000	2,500,000	2,186,723	-	2,186,723
Senior center improvements	750,000	750,000	770,344	-	770,344
City hall renovations	1,000,000	1,000,000	836,733	-	836,733
Recycling facility improvements	450,000	450,000	263,230	-	263,230
Landfill/sanitation equipment	650,000	650,000	665,275	-	665,275
Park and cemetery improvements	200,000	200,000	6,650	-	6,650
Maintenance warehouse improvements	650,000	650,000	312,333	-	312,333
M.I.S. improvements	1,850,000	1,850,000	1,486,359	-	1,486,359
	$ 25,825,000	$ 25,825,000	$ 21,454,778	$ 15,446	$ 21,470,224

CITY OF TIFTON, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
2013 Referendum					
General obligation debt for telecom services	$ 4,500,000	$ 4,500,000	$ 4,500,000	$ -	$ 4,500,000
Senior citizen center renovation and improvements	500,000	500,000	178,006	241,342	419,348
Road, street, bridge projects, drainage and parking	8,800,000	8,800,000	4,430,729	442,971	4,873,700
Technology equipment and upgrades	1,500,000	1,500,000	532,197	175,880	708,077
Water and sewer system capital outlay and improvements	7,600,000	7,600,000	2,498,535	835,797	3,334,332
Fire Department capital outlay and facilities upgrades	1,600,000	1,600,000	333,118	180,664	513,782
	$ 24,500,000	$ 24,500,000	$ 12,472,585	$ 1,876,654	$ 14,349,239

Total per Statement of Revenues, Expenditures and Changes in Fund Balances	$ 1,931,354
Expenditures funded by grant revenues and contributions	(54,700)
	$ 1,876,654

CITY OF TIFTON, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
2019 Referendum					
Renovation and improvements to City buildings	$ 1,200,000	$ 1,200,000	$ -	$ -	$ -
Vehicle, machinery, equipment and technology capital outlay	3,500,000	3,500,000	-	-	-
Road, street, bridge, drainage and parking projects	9,450,000	9,450,000	-	57,532	57,532
Water and sewer system capital outlay and improvements	5,000,000	5,000,000	-	-	-
Property acquisition and demolition	750,000	750,000	-	274,007	274,007
	$ 19,900,000	$ 19,900,000	$ -	$ 331,539	$ 331,539

COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members
of the City Council
City of Tifton, Georgia
Tifton, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tifton, Georgia (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 23, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Tifton, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
July 23, 2020

CITY OF TIFTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	____ Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes __X__ None Reported
Noncompliance material to financial statements noted?	____ Yes __X__ No

Federal Awards

There was not an audit of major award programs as of June 30, 2019 due to the total amount expended being less than $750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

CITY OF TIFTON, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

STATUS OF PRIOR YEAR AUDIT FINDINGS

2018 – 001. Revenue/Receivables Cycle

Criteria: GAAP requires revenues to be recognized in the accounting period in which they are realized, or realizable and earned, to finance expenditures of the current period.

Condition: The City did not appropriately record all transactions involving certain receivable and revenue accounts during the fiscal year ended June 30, 2018.

Audit Response/Status: Resolved.

2018 – 002. Software Conversion Issues

Criteria: GAAP requires assets, liabilities, revenues and expenditures to be recognized in the accounting period in which they become both measurable and available.

Condition: The City did not appropriately reconcile account balances involving accounts payable, interfund, or fund balance accounts during the fiscal year ended June 30, 2018. Accounts payable listings did not agree to the trial balance. Interfund transaction balances did not net to zero across funds. Fund balance amounts did not agree with the prior year financial statements. These issues resulted in adjusting journal entries in many of the City's individual funds.

Audit Response/Status: Resolved.